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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 57

HON. PAUL G. BRECKENRIDGE, JR., JUDGE

CHURCH OF SCIENTOLOGY OF CALIFORNIA,)

Plaintiff,)

vs.)

No. C 420153

GERALD ARMSTRONG,)

Defendant.)

MARY SUE HUBBARD,)

Intervenor.)

REPORTERS' TRANSCRIPT OF PROCEEDINGS

Tuesday, June 5, 1984

Volume 25

Pages 4365 to 4547, incl.

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(See Appearance Page.)

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1 LOS ANGELES, CALIFORNIA; TUESDAY, JUNE 5, 1984; 9:04 A.M.

2 ooo

3
4 THE COURT: All right, in the case on trial let the
5 record reflect that all counsel are present. You may call
6 your next witness.

7 MR. HARRIS: Yes, thank you, Your Honor.

8
9 GERALD ARMSTRONG,

10 the defendant herein, called as a witness in behalf of the
11 plaintiff in rebuttal, having been previously sworn, resumed
12 the stand and testified further as follows:

13 THE COURT: State your name again for the record, sir.
14 You are still under oath.

15 THE WITNESS: Gerald Armstrong.

16 MR. HARRIS: Your Honor, I have a document dated
17 18 June, 1981. May that be marked plaintiff's next in order.
18 I believe 90 --

19 THE COURT: 111.

20
21 DIRECT EXAMINATION

22 BY MR. HARRIS:

23 Q Mr. Armstrong, I am going to show you exhibit
24 111 and ask you if you recognize it.

25 A Yes.

2-1

1 Q Directing your attention to the second paragraph
2 on the first page, the third sentence, "And you pretty
3 well have to assume the viewpoint of a fairly
4 critical Woggish nonScientologist as the
5 dedicated SCNS. Don't even need the Biog."

6 Do you see that?

7 A Yes.

8 Q What is "woggish"?

9 A "Woggish" is a term that comes from the use of
10 the word "Wog" which was an acronym of Worthy Oriental
11 Gentleman which Mr. Hubbard borrowed and turned into a
12 nonScientologist being a Wog. And Woggish, to a
13 Scientologist, means that someone does not have the
14 particular knowledge, wisdom, ability that a Scientologist
15 does; that he is unaware, stuck in the reactive mind and
16 generally in a nonoptimum condition of stupidity and
17 unawareness. That is Woggish.

18 Q And SCNS, is that Scientologist?

19 A Yes.

20 Q Directing your attention to the second page,
21 the first paragraph, the third sentence, "I'm not even
22 saying that lying is bad."

23 And then you go on ". . .the writer should
24 just realize what he is saying and know the
25 source of the data."

26 That is what you wrote; right?

27 A Did I type it?
28

3

1 Q Yes.

2 A Yes.

3 Q And those were your words that you originated
4 at the time?

5 A Yes.

6 MR. HARRIS: All right. I have a document dated
7 26 November, 1981. May that be marked plaintiff's exhibit 112.

8 THE COURT: I thought we made an order that these
9 matters would be produced a long time ago, Counsel, that
10 were going to be used in cross.

11 MR. HARRIS: I believe that we did, Your Honor, before
12 and if Your Honor recalls, I said there were a couple of
13 things that now that Mr. Flynn had introduced one, I wanted
14 to introduce another.

15 MR. FLYNN: These have never been produced. This is
16 the first I have seen this.

17 Q BY MR. HARRIS: I ask you, Mr. Armstrong,
18 is that exhibit 112 something that you recognize?

19 A You mean as already produced in this case?

20 Q No. Do you recognize it?

21 A Yes.

22 Q And that is something that you authored?

23 A Yes.

24 Q At that time when you were writing up your
25 report respecting Norman Starky wanting you to be sec
26 checked, you said everything was okay; is that right?

27 A I said what?

28 Q Everything was all right, there wasn't any

1 problem; is that right?

2 A I said, "It is silly and could have been handled
3 in five minutes' communication." I said, "The report pretty
4 well explains it all."

5 Q And was that your state of mind at the time?

6 A Basically regarding the report, I suppose.

7 Q So was it the case that you were thinking of
8 leaving on the 26th of November 1981?

9 A I don't know if that was the case at the time.
10 You should understand that one did not within the Scientology
11 network or to people involved ever write that you were really
12 concerned about being sec checked, because if there was
13 such an indication, you certainly would be sec checked within
14 a few minutes.

15 So, I tried to be as diplomatic as possible
16 and I certainly was not going to convey the type of terror
17 which existed in my guts at that time.

18 Q And that was your state of mind was terror at
19 the time you wrote this 26 November, 1981 dispatch; is that
20 correct?

21 A Well, let's put it this way: I was going
22 through a great deal. It may not have been the instant I
23 wrote it because I may have been typing at that instant, but
24 there was a period of time when, as I have testified, I
25 actually made arrangements with Omar Garrison wherein I --
26 if I didn't come back from being sec checked at CMO INT,
27 I was going to make arrangements so that we would have to have
28 a meeting so that I could escape from these people.

2/3

1 Q And had you made those arrangements prior to
2 writing the 26th November, 1981 letter?

3 A I made the arrangements when I went out to
4 CMO INT, so it was at least that much previously.

5 Q All right. Did you have a conversation with
6 Mr. Kingsley Winbush in August of 1983?

7 A I very easily may have. I don't recall the
8 date, but Kingsley came to my place and we did talk, so I
9 don't recall if it was August. The date does not stick in
10 my mind.

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1 Q And did you talk to him about the documents?

2 A I possibly did. I -- it would have been a
3 peripheral subject, but we both related our respective
4 stories about getting out of the organization, the things
5 that happened to us. Delivery of the documents played a
6 major part in my being able to get out of the organization;
7 so I probably did talk to him about the documents. There
8 is nothing particular that comes to mind, however.

9 Q Did you tell him on several occasions during
10 your conversations with him that what you were saying was
11 a complete lie and not true?

12 A No. What I may have said is, "Don't believe me.
13 I don't want to be believed. You find out for yourself.
14 I am not here to be believed. I don't want to be the new
15 L. Ron Hubbard who has people believing him and conning
16 them. That is not my position."

17 So I was probably fairly emphatic with, "Don't
18 believe me. I don't even" -- I didn't have any documents.

19 I said, "You don't even know if I am lying. So
20 you make up your mind."

21 Q Did you say, Mr. Armstrong, "What I am telling
22 you may be a complete lie"?

23 A Let me explain to you. What I said was, "You
24 don't know. Don't believe me. You look for yourself."

25 Q And that was the context in which you said what
26 you may be saying was a complete lie?

27 A I probably said at some point, "You don't know
28 if I am lying or not."

1 But I never said to him, "I am lying to you."

2 I tried to be very precise. And I tried to make
3 sure that he understood that I was giving him my own
4 observations and that it was not a L. Ron Hubbard truth.

5 MR. HARRIS: No further questions.

6

7

CROSS-EXAMINATION

8

BY MR. FLYNN:

9 Q Mr. Armstrong, since you left have you taken a
10 particular philosophical view toward the need of former
11 Scientologists to find the truth out for themselves?

12 A Yes.

13 Q What is that philosophical view?

14 A Well, it is sort of what I stated.

15 Many people search me out and call me and talk
16 to me and want to get what they think is the truth from me.

17 Q Let me stop you right there.

18 Since you left the organization and it has become
19 known that you are involved in this litigation, how many
20 people would you estimate have called you looking to find
21 out answers about L. Ron Hubbard?

22 A I suppose i have been called by -- I don't know,
23 maybe 20 or 30. And then I have been approached by maybe
24 another 50 or 100 in different locations or contacts.

25 Q Have you been contacted by lawyers, for example,
26 as far away as England?

27 A Yes.

28 Q Go ahead and continue your current philosophical

1 view toward how Scientologists should find out the truth of
2 what is going on in the organization?

3 A Well, I guess deep down I think they'll all find
4 out the truth and ultimately what I say or what the documents
5 say really doesn't matter; that inevitably the truth about
6 L. Ron Hubbard will come out. And there is nothing that I
7 particularly have to do.

8 I am not in a position relative to the
9 organization of wanting to attack them or to attack L. Ron
10 Hubbard. I am here sort of by misfortune rather than any
11 desire to do the guy in.

12 Q Now, in November, 1981 you have that letter in
13 front of you with regard to your state of mind at that time;
14 your wife Jocelyn testified that when you were in your room
15 when you would talk you would turn the radio loud out of fear
16 that people would be eavesdropping or there were bugs in the
17 room; do you recall that testimony?

18 A Yes.

19 Q Did that take place?

20 A Turning the radio up, yes; that took place.

21 Q And was that the state of mind you were in at
22 the time?

23 A Yes.

24 Q Fear that your superiors would find out what your
25 state of mind was?

26 A Yes.

27 Q So when you wrote letters such as that letter
28 of 26 November, 1981 --

1 A I kept hoping right up to when I finally could
2 not stand it any more that there would be a change in the
3 organization. And it just didn't happen and it hasn't
4 happened. It will happen. It is sort of inevitable. They
5 cannot continue on with the deceit and with the attacks on
6 individuals and people who seek to find out the truth.

7 But at that time it didn't happen. And I simply
8 made the choice to leave.

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1 Q Now at that time were you fearful of being
2 sec checked?

3 A Yes.

4 Q And to your knowledge had Mr. Harris ever gone
5 through a security check?

6 THE COURT: Was there an objection to that?

7 MR. HARRIS: No.

8 THE WITNESS: No. I don't know. I don't think he
9 has.

10 Q BY MR. FLYNN: And in the last few days have
11 you met with Mr. Homer Shomer?

12 A Yes.

13 Q And just yes or no, did he relate to you the
14 10-hour security check that he went through when he told them
15 he wanted to leave?

16 A Yes.

17 MR. HARRIS: Objection; hearsay. Mr. Shomer is
18 supposed to appear.

19 MR. FLYNN: He will appear.

20 Q Were you aware what a person went through,
21 Mr. Armstrong, in the fall of 1981 when they were security
22 checked because they wanted to leave the organization?

23 A I had a pretty fair idea of what awaited me
24 if it was found out before I did leave that I was going to
25 leave.

26 Q Now, in this exhibit marked lll -- incidentally,
27 was there a phrase that was used in the upper levels of
28 Scientology management called the "Acceptable Truth"?

5/2

1 A Yeah.

2 Q And was that coined by L. Ron Hubbard
3 if you know?

4 A Yes.

5 Q And what did that mean?

6 A It was a euphemism for lying.

7 Q And was it commonly understood among top
8 management levels of Scientology that they could use the
9 acceptable truth for whatever purpose they wanted to
10 achieve?

11 MR. HARRIS: I will object to that "commonly understood,"
12 Your Honor.

13 THE COURT: Well if this witness knows he can answer.
14 If he doesn't, he can so state.

15 THE WITNESS: Yes, it was.

16 Q BY MR. FLYNN: Now in exhibit 111 you used
17 the words, "Dedicated Scientologists don't even need the
18 biography."

19 By "dedicated" did you mean Scientologists or
20 preclears who were just starting to join the organization
21 who were trying to find out about it?

22 A No.

23 Q Did you mean people who had only been involved
24 for a few months who were asking questions about who is this
25 L. Ron Hubbard and this organization he started?

26 A No.

27 Q What did you mean?

28 A People who were in a state where they would

1 believe him regardless of what he said.

2 Q And regardless of what the facts were?

3 A Yes. Would not examine the facts.

4 Q And did you know such people?

5 A Yes.

6 Q And to your mind is Norman Starky such a
7 person?

8 A Yes.

9 Q And had you known other high level Scientologists
10 such as Kima Douglas, for example, who while she was
11 involved would take the acceptable truth regardless of what
12 the facts were?

13 MR. HARRIS: Well, the question calls for a conclusion,
14 Your Honor, based upon hearsay.

15 THE COURT: I will sustain the objection.

16 Q BY MR. FLYNN: And had you known many other
17 high management level Scientologists similar to Norman Starky
18 who would take the acceptable truth regardless of the facts,
19 Mr. Armstrong?

20 A Yes.

21 THE COURT: On this letter, can you interpret for me
22 what the word "Cope" stands for. HCO, I understand
23 means Hubbard Communication Office. Cope Off.

24 THE COURT: Cope Officer.

25 THE COURT: What is "Cope"?

26 THE WITNESS: It means to deal with, to cope with.
27 It is a person who handles problems.

28 THE COURT: Oh. Everybody has got to have a title,

1 I guess.

2 Q BY MR. FLYNN: Now, among high level management
3 Scientologists there was a common understanding as to what
4 acceptable truth meant; is that your testimony?

5 A Yes.

6 THE COURT: That is what he said.

7 Q BY MR. FLYNN: And on page 2 where you said,
8 "I am not even saying that lying is bad"; was that the frame
9 of mind that high level management Scientologists held
10 throughout the years of experience that you had in observing
11 them?

12 MR. FLYNN: I will object to that; calls for a
13 conclusion.

14 THE COURT: I will sustain the objection.

15 Q BY MR. FLYNN: What did you mean when you said
16 that, Mr. Armstrong?

17 A There is a couple of levels of understanding
18 of that.

19 In Scientology and what really perhaps is
20 Scientology on a philosophic level, goodness and badness and
21 rightness and wrongness are just considerations, and nothing
22 is good or bad. It is all relative.

23 Lying is the same thing on a philosophic level.
24 However it is lying. Lying is lying. That is the point.
25 It was lying.

26 On the other hand, being relative, the goodness
27 or badness which can be achieved by a lie is something
28 else, and the lying and the defended lying of L. Ron Hubbard

1 and the destruction of anyone who sought to bring to light
2 the truth behind the lie is, at least in this very temporal
3 world, in my opinion, relatively bad.

4 Q Now how many shore stories did you learn while
5 you were in the Church of Scientology?

6 MR. HARRIS: I think we have been over this, Your
7 Honor.

8 MR. FLYNN: Your Honor, this is the last question.
9 Just has to do with what lying is in the Church of Scientology.

10 THE COURT: All right, overruled. You can answer.

11 THE WITNESS: Maybe 20, maybe more. I lived a shore
12 story the whole time.

13 MR. FLYNN: that is all I have, Your Honor.

14 THE COURT: Mr. Harris?

15 MR. HARRIS: Just briefly.

16
17 REDIRECT EXAMINATION

18 BY MR. HARRIS:

19 Q Mr. Armstrong, when you were working in
20 November 1981 in the archives, you went outside the church
21 building; did you not?

22 A Yes.

23 Q And you regularly went outside the church
24 building; isn't that correct?

25 A Yes.

26 Q And from time to time you would take your wife
27 and go places in November of 1981; isn't that correct?

28 A Yes.

1 Q So this talking in the room and turning the
2 radio loud, this was just on one occasion or several
3 occasions?

4 A Well, Mr. Harris, we lived in our room. That
5 is where we slept. We didn't sleep in the streets at that
6 point.

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1 Q Insofar as any conversations between you and
2 your wife about leaving, you certainly had, in that very
3 month, taken your wife elsewhere than the Church; is that
4 correct?

5 A Yes.

6 MR. HARRIS: No further questions.

7 MR. FLYNN: Nothing further, Your Honor.

8 THE COURT: You may step down, sir.

9 MR. HARRIS: Your Honor, I would ask that the
10 Bonaventure records be marked as Plaintiff's next in order
11 and move them into evidence.

12 MR. FLYNN: No objection.

13 THE COURT: Very well. 113; they will be received.

14 MR. HARRIS: There is one other document, Your Honor,
15 which is a certified copy of the Ralston Pilot -- it is a
16 certified copy of the Ralston Pilot Annual Report.

17 May that be marked Plaintiff's next in order?

18 THE COURT: All right. 114.

19 MR. FLYNN: Is this being offered at this time, Your
20 Honor?

21 MR. HARRIS: It is.

22 MR. FLYNN: I would object on the ground that
23 Mr. Garrison testified that Mr. Armstrong knew nothing about
24 this.

25 MR. LITT: That is all right.

26 THE COURT: It is just evidence of a fact.

27 I'll overrule the objection. It will be
28 received.

1 MR. HARRIS: We rest, Your Honor.

2 THE COURT: Is there any surrebuttal?

3 MR. FLYNN: We have got a little bit, Your Honor.

4 Mr. Walters, please.

5

6 S U R R E B U T T A L

7

8 EDWARD WALTERS,

9 recalled as a witness by the Defendant in surrebuttal, having
10 been previously duly sworn, and testified further as
11 follows:

12 THE COURT: Mr. Walters, you have already been sworn;
13 just have a seat and state your name again for the record.
14 You are still under oath.

15 THE WITNESS: Edward Walters, W-a-l-t-e-r-s.

16

17 DIRECT EXAMINATION

18 BY MR. FLYNN:

19 Q Mr. Walters, there has been testimony in this
20 case relative to the Ethics and Justice System of the Church
21 of Scientology and we have had numerous exhibits which were
22 introduced regarding that system; were you familiar with
23 the Ethics and Justice System of the Church of
24 Scientology?

25 A Yes.

26 Q Have you had extensive training in connection
27 with that system?

28 A Yes.

1 Q What did your training involve?

2 A Well, I have done every auditing course up to
3 the highest of Class VIII. And I have studied the Ethics
4 course all the way up. And I have functioned as an Ethics
5 officer.

6 Q And you have already testified as to how many
7 years you were involved, roughly from 1970 to 1979 in the
8 organization?

9 A Yes.

10 Q During that period of time did you have
11 experiences on almost a daily basis as to how the Ethics and
12 Justice System worked in connection with staff members and
13 how it worked in regard to the Guardian's Office?

14 A Yes.

15 Q And would you describe to the Court how the
16 Ethics and Justice System worked in connection with the
17 public, staff, and Guardian's Office personnel?

18 MR. HARRIS: Is it different as to each one? Otherwise
19 it would be compound and calling for a conclusion.

20 MR. FLYNN: They are interrelated, Your Honor.

21 THE COURT: Overruled.

22 THE WITNESS: Our basic tool in Scientology is
23 auditing, the actual selling of the auditing and also the
24 training of people to become auditors. That is our basic
25 thing that we do.

26 Ethics came in because of two reasons:

27 One, you need ethics so that there is a
28 set of discipline in Scientology so that an individual

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1 can start at one point, and can then be kept going along
2 that point.

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1 Now when I entered Scientology, I thoroughly
2 agreed with that. We had to keep a person ethical. We had
3 to keep him on purpose, not committing crimes, not doing
4 anything that would make him an immoral person. That
5 would be for his benefit so his auditing would work.

6 All right, then, there is another side of
7 ethics. Ethics also is to keep the individual on our purpose,
8 the third dynamic purpose. I don't know if the court is
9 familiar with the dynamics, but the third dynamic purpose of
10 Scientology --

11 Q That is the group purpose?

12 A The group purpose, which is much more difficult
13 because the group purpose is perpetrated in lies so that
14 you see in this courtroom, you have heard all of the
15 higher ups and the secret basis and so forth, but out in the
16 field where I am, where we deal with the public people,
17 we have sons of lawyers. We have sons of doctors. We have
18 young people come in who are off the streets. These are not
19 these dedicated Scientologists that you see here who
20 believe anything.

21 When an individual comes in, our problem is to
22 try to make him a Scientologist, sell him as much auditing
23 for the money that he has, if possible have him buy courses
24 to become an auditor. But we have got to worry that at
25 any time he finds out that things may not be the way he
26 thought they were, we now have a new ethics problem.

27 We have ethics, meaning a danger to the
28 third dynamic. In the field I can't have the son of a lawyer

1 going to his father and saying that we are asking him to
2 sell his home or we are asking him to disconnect, not talk
3 to his father anymore because his father disagrees with
4 Scientology and/or he read things and policies where Scientology
5 is above the justice system, et cetera. So, now, we have to
6 handle that.

7 In the Guardian's office that becomes
8 Guardian's office property. That is a danger to Scientology.

9 So, ethics at that point is to put the
10 individual into a position where he realizes he is doing
11 something that is going to cause a threat to the organization.
12 It is no accident that the lower conditions are called
13 enemy, liability, and as in previous testimony, if the
14 individual does not see this, we will do what it takes for
15 him to get to see it. It depends where he is. If he is
16 brand new, we have to go very easy because he could walk
17 out on us any time.

18 If he walks out, now we have got a flap, and
19 in the Guardian's office then we'd have to, if we believe he
20 is suppressive, we declare him suppressive, which means he
21 has crimes, so we have to find the crimes.

22 If he is going to go to a lawyer, then we have
23 a flap. So anyway out in the field where I work, it is
24 a different ethics. One, there is -- it helps his auditing.
25 It keeps him -- we can't have a guy out doing immoral
26 things while he is getting auditing because we are telling
27 him auditing is for his benefit, but the other side of it is
28 ethics is used for the organization, design to find the

1 enemy.

2 Q To keep the person in line?

3 A Yes.

4 Q Now, with regard to the fair game doctrine
5 as it is understood by someone who is just a public person
6 taking courses, would you describe to the court how a
7 person is instructed as to what the fair game doctrine means
8 when they first come into the organization and become aware
9 of it?

10 A Well, when they first come in, we hope that they
11 never get aware of it.

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1 Q Our job is not to tell them about that. I mean
2 if the person will come in and do his courses and give us
3 his money, we'll not threaten or abuse them in any way. We
4 don't have -- none of that comes up unless the person becomes
5 a liability or a threat to the organization.

6 Q All right.

7 MR. HARRIS: Move to strike the answer as nonresponsive
8 to the question, Your Honor.

9 THE COURT: I'll deny the motion.

10 Q BY MR. FLYNN: Now, most people when they come
11 in and start auditing, what do they know with regard to the
12 organizational structure of the Church and what is done,
13 for example, with their information given up in a session,
14 an auditing session?

15 MR. HARRIS: I'll object.

16 THE COURT: I'll sustain the objection to the form of
17 the question.

18 He can tell what they are told. What anyone
19 might know calls for a conclusion.

20 Q BY MR. FLYNN: What are people generally told
21 with regard to the nature of the auditing process just when
22 they start?

23 A When they start --

24 MR. HARRIS: By this witness, or -- is he generalizing
25 at this point, Your Honor?

26 THE COURT: I think he has some background and
27 knowledge.

28 MR. HARRIS: May I voir dire him, Your Honor?

1 THE COURT: Yes.

2

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VOIR DIRE EXAMINATION

4 BY MR. HARRIS:

5 Q Were you ever a staff member of any organization,
6 Mr. Walters?

7 A As a paid staff, no. I have held every position
8 in the Orgs.

9 Q In what Orgs?

10 A In Celebrity Center, Las Vegas.

11 Q You were on staff at the time?

12 A No. I was volunteer staff.

13 MR. HARRIS: No further questions.

14

15 DIRECT EXAMINATION (Resumed)

16 BY MR. FLYNN:

17 Q Now, in the initial stages when someone first
18 comes in, Mr. Walters, what are they basically told about
19 what the auditing process is?

20 A An individual comes in; we do an interview with
21 him to find out if he is one of two types of people; if he
22 has sickness, illness, or aberrations, we tell him that we
23 have the cure for it; that L. Ron Hubbard has found the
24 single source of all aberrations, et cetera. And we line
25 him up to get processing.

26 If he comes in looking to find a new life or to
27 help his fellow man or he is interested in the technology
28 and the sciences, then we would line him up to study the

1 technology of L. Ron Hubbard. So it depends on which one
2 we have.

3 Q Now, when a person begins the auditing process
4 what are they told with regard to what is done with the
5 information that they give up in the auditing process?

6 MR. HARRIS: Again, this calls for hearsay unless it
7 is what this witness told somebody.

8 THE COURT: Overruled.

9 THE WITNESS: It is the D of P interview which I have
10 done many times.

11 Q BY MR. FLYNN: Director of Processing?

12 A Yes. And we tell the individual that we can
13 handle his case; whatever illness or sickness or problem he
14 has with his family, in fact, whatever he has, we can handle
15 it.

16 Then we tell him that he'll be audited by an
17 individual and he should feel free to discuss anything with
18 that individual. It will be held totally confidential. In
19 the early '70's we would say -- we would tell him nobody
20 would ever see it. We wouldn't even tell him about the
21 CS.

22 Q Case supervisor?

23 A Yes, case supervisor.

24 Things changed as district attorneys and people
25 like that started looking into us.

26 In the middle '70's and the early '70's we were
27 told to tell them that the CS would look at it and the CS
28 would hold it confidential and nobody sees it but them.

1 Then when we had more legal troubles by the
2 mid-'70's, we were told then that nobody could see it and
3 because we were an applied religious philosophy, which were
4 the exact words to use, and it would be protected and so they
5 were to feel free to discuss whatever was needed.

6 Q Now, for the most part did auditors or pre-clears
7 who came in know that the Guardian's Office was culling
8 files?

9 A No.

10 MR. HARRIS: I'll object to that. That calls for a
11 conclusion.

12 THE COURT: To your knowledge; you can answer that.

13 THE WITNESS: I know specifically that we tried very
14 hard to make sure they didn't know. Most auditors didn't
15 know.

16 Q BY MR. FLYNN: Now, what were the powers within
17 the organization of the Guardian's Office with regard to
18 getting access to pre-clear folders?

19 MR. HARRIS: Again, I'll object, Your Honor, as calling
20 for a conclusion at this point.

21 THE COURT: Well, to the extent you have knowledge of
22 this, you can answer. If you don't, you can so state.
23 Personal knowledge.

24 THE WITNESS: All right. I have personal knowledge
25 of the Guardian's Office in Las Vegas going over and asking
26 for any folder that they wanted. It all depended on the
27 circumstances.

28 If it was a brand new person, you probably

1 wouldn't walk right in or even go to the auditors.

2 You see, we are training auditors also. If the
3 auditors knew that we were going through these folders, well,
4 they would leave.

5 We are telling them that everything is -- so we
6 might have to wait until the end of the day.

7 If we had a D of P who was programmed enough
8 to do anything that we told her, him or her, we just said
9 give us so and so's folders and they gave it to us.

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1 Q Now with regard to PC folder data actually
2 being used against people that was culled from the folders
3 without their knowledge, did you have personal knowledge of
4 such instances?

5 A Yes.

6 MR. HARRIS: Your Honor, I think that this was all
7 on direct. We didn't cross-examine the witness with respect
8 to that.

9 THE COURT: Well, this is rebuttal. It was done
10 very sketchily on direct. I think we limited it to just
11 very brief recitation of the fair game doctrine and how
12 it was applied.

13 There's been testimony on rebuttal to the
14 contrary, so I guess it ^{is} more of a full explanation.

15 MR. HARRIS: Well the problem is, Your Honor, in
16 respect to what Mr. Walters knows in Las Vegas hasn't
17 anything to do with Mr. Walters -- hasn't anything to do
18 with Mr. Armstrong and hasn't anything to do with any of the
19 witnesses that were here in respect to the items that are
20 relevant.

21 Let's admit we are getting into a situation
22 where numerous instances, no doubt, will be testified to
23 by this witness which I have some doubts about. At least,
24 it is a 352able item at this point.

25 THE COURT: Well, I would feel that it is circumstantial
26 evidence.

27 There is also the Guardian's directive that
28 Mary Sue Hubbard authored. It is in evidence.

1 At this point I will receive it. If we get
2 too far afield, the court may change its position. At any
3 rate, let's go forward.

4 Q BY MR. FLYNN: Do you have actual knowledge,
5 Mr. Walters, first of the policy of the Guardian's office
6 to cull PC folders to get information to use it against
7 people?

8 A Yes.

9 Q And what is that policy?

10 THE COURT: Of course, this is up to '79.

11 MR. HARRIS: Yes, Your Honor, '79 in Las Vegas.

12 Q BY MR. FLYNN: This is between '70 and '79,
13 Mr. Walters?

14 A Yes.

15 Q And what is the policy?

16 A The policy is that if a person comes on our
17 line or a person is a threat to the organization and suppressive,
18 say we declared a person suppressive, then we'd know from
19 L. Ron Hubbard's technology that a suppressive has crimes,
20 hidden crimes, that he is probably connected with the
21 enemy, et cetera. So the first place we look for crimes
22 is in his PC folder. We take those out.

23 We actually do three things to the folders.
24 We take the crimes out of the folders. We do a survey for
25 buttons to see what the individual is reactive to. We
26 also make a list of terminals that are friends or any
27 connection to authority, district attorneys, psychiatrists
28 of any kind.

1 Q When you say "a survey for buttons," what do
2 you mean by that?

3 A Well the individuals remember are coming in
4 for counseling and they are usually in emotional turmoil,
5 et cetera and there are certain things they are looking
6 to protect, they are very worried about, and if a wife is
7 having marital problems but she's had an affair on the side
8 and she tells her auditor about it, well we would take that
9 and put that down, knowing that if she ever went to a
10 lawyer we could call her in, and I have participated personally
11 in this, where we would tell the person, "Well, now, you
12 don't want to go to a lawyer because if you want to do this,
13 we will be glad to sue and we will be glad to bring your
14 files out and show the public what type of person you are."

15 If we are lucky, have nobody married to a
16 lawyer or connected to a lawyer, the average person would
17 leave and not cause us any problem, and then usually we
18 didn't do anything after that.

19 Q But this is how it was used?

20 A Yes.

21 Q And you personally participated in numerous
22 such?

23 A Yes.

24 Q Can you give the names of at least one
25 individual who had his PC data taken to newspapers, the
26 police?

27 A I will just give you the latest. It was the
28 reason I left Scientology; Ernie Hartwell.

1 He came to me when he fled the base where
2 Hubbard was hiding out, and he came to me telling me that
3 Hubbard was psychotic and screaming and that he had threatened
4 him and he was afraid for his life, and being a good
5 Scientologist at the time, I took him by the hand down to
6 the Guardian's office and told two individuals there,
7 Jack Gaye and Bruce Hamilton that this guy is saying
8 some things that are going to get us in a lot of trouble and
9 we are going to have a flap.

10 And then typically Jack Gaye and Bruce Hamilton
11 went nuts themselves and started thinking he was connected
12 to the enemy and started thinking I was connected to
13 Hartwell, and I knew then we were in serious trouble. I
14 called Ardie Marron in Los Angeles to get him up here.

15 Then Ardie Marron talked to me and they started
16 the operation on Hartwell, which was to take his stuff out
17 of the folders. They told the police and the Review Journal
18 in Las Vegas that he was a murderer. Ardie told me about that.
19 They were getting Hartwell -- they had his buttons, and to
20 be honest with you, Ernie's buttons could be pushed very
21 easily.

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1 They had his buttons and that had Ardie
2 becoming -- acting pretty nutty and screaming. And they
3 were recording. They were recording it. And they would
4 set it up so it would look like he was blackmailing the
5 Church. And Ardie was telling me in a six-hour walk we
6 took, trying to handle me, and I was just fed up to here
7 with all the crimes and stuff and hearing this -- hearing
8 about L. Ron Hubbard, who I gave nine years of my life to
9 and a lot of money --

10 I told Ardie, "This has got to stop, Ardie. I
11 mean we are doing things. We can end up in jail."

12 The turning point was Ardie threatening me,
13 threatening to kill me; threatening that he could handle me.

14 I said --

15 My house is about ten blocks from the police
16 department. I started walking toward the police department.

17 Ardie said, "For everything you say we'll get
18 ten others to say the opposite."

19 He said, "Eddie, L. Ron Hubbard is not going to
20 go down because of this."

21 I said, "Ardie, I'm going to handle this from
22 the inside or the outside."

23 And that was the turning point, when Ardie Marin,
24 the highest public official in Scientology, started fearing
25 for himself; started begging me that he was going to get in
26 trouble; started telling me that he would get hung and be
27 on the RPF. I couldn't believe it, Ardie Marin.

28 I -- forget all that.

1 The next day me and seven others went to the
2 FBI.

3 MR. FLYNN: No further questions.

4 THE COURT: You may cross-examine.

5 MR. HARRIS: Thank you, Your Honor.

6
7 CROSS-EXAMINATION

8 BY MR. HARRIS:

9 Q Mr. Walters, you have testified about how many
10 times so far in various forums?

11 A What do you mean? I testified once in the IRS
12 case where you were the lawyer, yes.

13 Q Yes.

14 A Then they pulled me into depositions about every
15 month.

16 Q You testified in Clearwater?

17 A Yes.

18 Q And you have -- at the time that you were in
19 Las Vegas, you were volunteer staff, you say, at the Celebrity
20 Center?

21 A Yes, I was.

22 Q CS for four years?

23 A Yes.

24 Q As CS you would get folders of people?

25 A Every day.

26 Q And you weren't located inside the building that
27 housed the Celebrity Center; is that correct?

28 A Yes, I was.

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Q You had an office in there?

A Yes.

Q During that period of time --

By the way, when did Celebrity Center start?

A '75, '76. I -- somewhere around there.

Q And was that a part of the Church of Scientology
of Las Vegas?

A Well, now we get into, you know, what is --

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- 1 Q Well, did you --
- 2 A We were under their direction if an executive
- 3 came over or the Guardian's office came over. But yet we
- 4 reported to Celebrity Center in Los Angeles.
- 5 Q You reported to Celebrity Center in Los Angeles?
- 6 A My senior did.
- 7 Q Well, who did you report to?
- 8 A To Betty Maricammi who was the CO.
- 9 Q The CO of what?
- 10 A Celebrity Center of Las Vegas.
- 11 Q And from 1970 until 1975 were you a staff
- 12 member of any organization?
- 13 A Do you mean like a contracted staff?
- 14 Q Yes.
- 15 A No.
- 16 Q You were volunteer staff?
- 17 A Yes.
- 18 Q And what organization was that that you were
- 19 a volunteer staff for?
- 20 A Well at the Las Vegas organization usually
- 21 off and on. Whenever there was trouble or they were having
- 22 problems, they would call me in and I would help out.
- 23 Q This was on --
- 24 A I couldn't be on staff as an executive in a
- 25 casino. I couldn't work 14 hours a day. I couldn't buy
- 26 my services.
- 27 Q You were an executive in a casino?
- 28 A Yes.

1 Q And that was from 1970 to 1975?

2 A That I was an executive in a casino?

3 Q Yes.

4 A No, all during '75, too.

5 Q And from '75 to '79 were you working in
6 casinos?

7 A Yes.

8 Q In other words, all during the period '70
9 through '79 you were working in casinos?

10 A Yes, I worked in the casino during the day, if
11 I was working, and at night I went over the CS folders
12 or to do ethics or to handle whatever we needed to handle.

13 Q And during the time were you also a professional
14 pool player?

15 A At that time, no. I gave up playing in --
16 played the last tournament around '60 -- I think '66.
17 No, '70, around 1970.

18 Q And were you known as Fast Eddie?

19 A A lot of people said that, yes.

20 Q And at the time that you got into Scientology,
21 Mr. Walters, which was what, 1970?

22 A Yes.

23 Q In 1970 you went to the Las Vegas organization
24 for your Scientology?

25 A No.

26 Q All right. Where did you go?

27 A I went first to an organization, a mission
28 formed by Lloyd and Frank Freedman. Frank Freedman was an

1 individual that I had trained as a dealer, a 21 dealer in a
2 casino. He was trying to make money for his Scientology
3 processing. When he came back, I went to his mission which
4 lasted about six months.

5 Then I went over to the Las Vegas Org
6 and took the Dianetics course there.

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1 Q So you first got into Scientology by way of a
2 mission run by Mr. Freedman?

3 A Yes.

4 Q And during that period of time, during that
5 six-month period of time I take it you had no contact with
6 anyone from the Guardian's Office?

7 A No.

8 Q And when you went to the Las Vegas organization
9 how long did you stay there before you had any contact with
10 anyone from the Guardian's Office?

11 A Well, it was very early on, very early on that
12 I was approached, first, by Susan Reed.

13 Q What year was that?

14 A Well, I'd have to say it was '71, possibly.

15 Q In 1971 you were approached by Susan Reed? Did
16 she ask you to join the Guardian's Office? Yes or no.

17 A Say, just like that, no.

18 Q At some point, Mr. Walters, did you become a
19 member of the staff of the Guardian's Office in Las Vegas?

20 MR. FLYNN: Well --

21 THE WITNESS: I'll tell you exactly what happened.

22 Q BY MR. HARRIS: Tell me if you became a member
23 of the staff of the Guardian's Office of Las Vegas,
24 Mr. Walters.

25 THE COURT: Paid or volunteer?

26 MR. HARRIS: Either.

27 THE WITNESS: That is a difficult question. I would
28 say no. I didn't have to do what they -- if they asked me,

1 I wouldn't have to do -- if they asked me something, no.

2 Q Let me ask you this: during the time that you
3 were volunteer staff at the Las Vegas organization, which
4 would have been from the period of 1971 through roughly 1975;
5 is that correct?

6 A Say that again?

7 Q Were you a volunteer staff at the Las Vegas
8 organization from roughly '71 through '75?

9 A I wouldn't say it like that, no. Because it
10 sounds like I was on volunteer staff during all of that time.
11 And I wasn't.

12 Q What would you say the number of times a week
13 that you would come in during the period 1971 through 1975
14 was to the Las Vegas organization?

15 A Oh, in and out, I would be in every week;
16 sometimes every day.

17 Q How many hours would you work as a volunteer
18 staff from 1971 through '75 average per week?

19 A By "work on staff" --

20 Q Yes. You were a volunteer staff.

21 THE WITNESS: I have to explain something. He knows
22 why. I was listed in '71 as an intelligence agent to operate
23 outside of the staff. I was not to be known to the staff
24 or to anyone that I was an intelligence agent. That is the
25 reason I signed no contract.

26 So you know that I could not sign any contracts
27 or show anybody I was on staff.

28 Q BY MR. HARRIS: Did you, nevertheless, work in

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1 the Las Vegas organization as a CS during 1971 through '75?

2 A No.

3 Q Never; is that right?

4 A As a CS, no. I wasn't a CS.

5 Q All right. Were you an auditor in the Las Vegas
6 organization from '71 to '75 on a voluntary basis?

7 A Just very rarely. Very rarely.

8 Q You had a field practice; is that correct?

9 A Right.

10 Q So you operated out of your house; is that
11 correct?

12 A right.

13 Q And while operating out of your house you were
14 essentially an auditor; is that correct?

15 A Right.

16 Q The public that you dealt with were not the
17 public within the Las Vegas organization for service;
18 right?

19 A Not necessarily, no.

20 My job was to audit people for them to go to
21 the Las Vegas Org.

22 Q When they had completed a certain level of
23 auditing at your house, then you would send them to the
24 Las Vegas organization; right?

25 A If they needed something from there, yes.

26 Q So insofar as the practice of the registrar at
27 the Las Vegas organization, did you hold that post?

28 A At the Las Vegas Org?

- 1 Q Yes.
- 2 A No; at the Celebrity Center.
- 3 Q You held the post of registrar at the Celebrity
4 Center?
- 5 A If you put it as "hold the post," I could not.
6 I could not hold any post after '71, after being contacted
7 and set up as an intelligence agent. I could not hold any
8 post in the Org. That was my instructions.
- 9 Q And you were not to be even known to the
10 organization; is that what you said?
- 11 A I could be known and help in any way, but I was
12 to be available for other things.
- 13 Q Now, when you were a registrar at the Celebrity
14 Center in Las Vegas when was that?
- 15 A I did regging off and on all the time I was
16 there.
- 17 Q When you say off and on all the time you were
18 there, you were there on a daily basis?
- 19 A Yes.
- 20 Q Now, this is from '75 to '79?
- 21 A Approximately those dates.
- 22 Q Did you volunteer for any executive positions
23 within the Celebrity Center?
- 24 A No.
- 25 Q Had you volunteered for any executive positions
26 in the Las Vegas organization?
- 27 A No.
- 28 Q I thought you just told the Court that you had

1 held every post in the organization?

2 A Do you want me to explain it?

3 Q Did you tell the Court that?

4 A Yes. And it is true.

5 Q Did you hold the position of executive director?

6 A During times when the executive director was
7 either blown or being handled by the Guardian's Office, yes.

8 Q At the Celebrity Center?

9 A Yes.

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1 Q In fact, there was a commanding officer not an
2 executive director at the Celebrity Center; isn't that right,
3 Mr. Walters?

4 A No it was an executive director; Betty Maricammi.

5 Q In your direct testimony didn't you state
6 that she was the CO?

7 A Well, she was Sea Org, so she had a Sea Org
8 title of Commanding Officer.

9 Q And she didn't have the title of executive
10 director; isn't that right?

11 A Yes, she did. That is what we told the
12 public she was executive director. If we told them it was
13 Commanding Officer, they would wonder whether we were running
14 a Navy.

15 THE COURT: That is rather a dry dock, Las Vegas.

16 THE WITNESS: That is one of our problems we had in
17 the middle of the desert. We'd have people dressed up in
18 Navy outfits, so within the organization we called her
19 Commanding Officer, but anybody walking in we'd have to say
20 executive director.

21 Q BY MR. HARRIS: Mr. Walters, at the time that
22 you held every post in the organization at Celebrity Center,
23 were you doing this on a part-time basis?

24 A Yes.

25 Q And you would fill in wherever needed; is
26 that correct?

27 A Yeah, whenever there was -- you see we had
28 staff that would come in, that would be brand new. Would

1 find out what we were doing and leave or they'd get blown
2 off because of severe ethics, or they would just have
3 emotional breakdowns and leave, and since -- you are talking
4 about very few people, Betty and I would do whatever it was
5 to keep it going. You just do whatever you have to do to keep
6 the line going, so if you have to supervise, you do it.

7 Q And during this period of time when you were
8 doing whatever you could, I take it you were a dedicated
9 Scientologist; is that correct?

10 A Yes.

11 Q And at the time that you were doing all you
12 could and holding all these posts in the organization, you
13 were in your own mind lying to the people who came in?

14 A At the time, no.

15 Q You believed in what you were doing; is that
16 correct?

17 A Absolutely.

18 Q Totally?

19 A What do you mean by "totally"?

20 Q Well you wouldn't have done it unless you
21 totally believed it; right?

22 A Not that simple. I mean, if they asked me to --
23 I would tell an individual that we could cure any illness he
24 had because we had found the single source^{of} all aberration.
25 I wouldn't kill Paulette Cooper if they asked me, so you
26 can't say total. I wouldn't walk off the Empire State
27 Building if they asked me.

28 Q Let me ask you this: Did you at the time that

1 you were talking to these people who had just come into
2 Scientology, did you believe what you were telling them?

3 A Yes.

4 Q So you weren't in your own mind lying to them
5 at the time that you talked to them; is that correct?

6 MR. FLYNN: About what? Objection, Your Honor.

7 THE COURT: Well I will sustain the objection. It
8 may be a little too broad.

9 Q BY MR. HARRIS: You were aware of policy in
10 the Las Vegas organization that you do not tell anyone that
11 you could cure their illness; isn't that correct, Mr. Walters?

12 A There is policy that says that.

13 Q But you ignored it; is that right?

14 A We all did. We were told to ignore it.

15 You see, when we have legal problems and
16 a policy comes out not to do something, then that means that
17 we are not supposed to say it in that way, but we are supposed
18 to still get this person to understand that we can handle
19 any problem or illness he has. Every reg operated like
20 that.

21 Q Can you tell me any person that you personally
22 regged?

23 MR. FLYNN: Celebrity or any person?

24 Q BY MR. HARRIS: Any person. Give me one.

25 A That I regged?

26 Q Yes.

27 A You want celebrities? What do you want?

28 Q At the Celebrity Center.

1 A I personally handled Lou Rawls.

2 Q You regged Lou Rawls; is that correct?

3 A Yeah, me and Betty did.

4 Q And did you tell Mr. Rawls that you could
5 cure some illness that he had, Mr. Walters?

6 A No, because he didn't have an illness.

7 Q Now tell me any person that you regged at
8 the Celebrity Center, give me the name of a person who you
9 said you could cure his illness?

10 A Oh, I can't remember what I said to each
11 person.

12 Q Can you remember any person, Mr. Walters, that
13 you told you could cure his illness while you were
14 volunteering as a registrar at the Celebrity Center?

15 A I would have to go back to the files at CC.

16 Q You can't tell me as you sit there now?

17 A I handled hundreds. Until I go back --

18 Q Give me one of them, Mr. Walters, just one.

19 A Let me think of somebody back at CC.

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1 I have forgotten the people we had at -- you have
2 a list of the people at CC.

3 Q Mr. Walters, tell me any person that you regged
4 and told them that you could take care of their sickness,
5 illness, or aberrations; one person.

6 A By name, I can't.

7 Q You can't?

8 A No, not by name.

9 Q And this Ethics officer post that you took on
10 a voluntary basis, was this at the Celebrity Center?

11 A Yes.

12 Q And as the Ethics officer at the Las Vegas
13 Celebrity Center can you tell me anyone that you gave an
14 Ethics handling to?

15 A Let's see. Sheila Robin, a public person.

16 Q Was that because she was threatening to leave
17 the organization that you gave her an Ethics handling?

18 A Yes.

19 Q Give me another one.

20 A I remember doing Ethics with -- let's see. Dave
21 Hamilton. He is on staff; still there, I think.

22 Q He was threatening to leave the organization and
23 you gave him an Ethics handling; right?

24 A No. His was a little bit different.

25 Q And tell me specifically, Mr. Walters, as this
26 GO person, give me the name of a file that you personally
27 culled crimes out of?

28 A Kathy Cade; Reed Linton; Troy Barberglas;

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1 Dick Hafner; Karen Hafner; Bob Harvey. That is more than
2 one.

3 Q And during what period of time did you do this?

4 A Somewhere in the middle of the '70's, some in
5 the early and some in the middle '70's.

6 Q With respect to each of these people you wrote
7 down their crimes as disclosed in their PC folders; is that
8 right?

9 A Some. I didn't do it all. Some I would let
10 Maddie do it.

11 Q I'm talking about what you personally did.

12 MR. FLYNN: If he was present with someone else, Your
13 Honor --

14 MR. HARRIS: My questions are directed to what he
15 personally did, Your Honor.

16 THE WITNESS: All right.

17 Q BY MR. HARRIS: Did you write down in your own
18 writing their crimes?

19 A Yes.

20 Q And what did you do with that writing?

21 A I would give it to -- one I gave to Chuck Reese,
22 who was Intel.

23 Q Whose PC folder was that?

24 A God, is it hard to remember back then. I
25 think -- it is hard to say which one I gave to Chuck and
26 which one I gave to Maddie. It depends on what the flack
27 was at the time.

28 Q Which one did you give to Chuck?

1 A I couldn't definitely say.

2 Q Which one did you give to Maddie?

3 A That is why I can't say. I don't know which one
4 I gave to either one. But we did it together. I mean it
5 is --

6 Q When you wrote these crimes down on individuals
7 from the PC folders, you would give them to Chuck or Maddie
8 in each instance?

9 A Yes. I would usually just leave them there.
10 They kept all the folders.

11 Q Now, did you personally on any of these PC
12 folders' crimes that you culled, go to the person whose
13 crimes you had culled?

14 A Did I?

15 Q Yes; did you.

16 A No. I didn't handle that.

17 Q You didn't go to any individual and threaten the
18 individual with the crimes; is that correct?

19 A No. I --

20 Q And you personally participated in crimes
21 yourself; is that right?

22 A Yes.

23 Q And you got immunity from the FBI so that you
24 could tell them about all the crimes within which you had
25 participated; is that right?

26 A I think so, yes.

27 Q And without going into the specifics, how many
28 crimes did you tell the FBI you had participated in prior

1 to your getting immunity?

2 A Well, by talking to them about crimes, they broke
3 it up.

4 Q Give me the number that you told them.

5 A Crimes --

6 THE COURT: He just --

7 THE WITNESS: I didn't tell them a number.

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1 Q BY MR. HARRIS: You told them a series of
2 crimes, and you have an idea in your mind about how many
3 that was; don't you?

4 A Yeah. If I look at it like that, yeah, I
5 could figure it out.

6 Q Okay. Did you give a written statement to the
7 FBI after you got immunity?

8 A I don't think so.

9 Q Did you talk with FBI agents while a stenographer
10 was present?

11 A No, I believe there was two FBI men in the room.
12 It was at FBI headquarters in Las Vegas.

13 Q Did you subsequently see a report that either
14 of these FBI agents made which you agreed with?

15 A No, I didn't see it.

16 Q Did you see them writing notes?

17 A I don't remember. It was very traumatic at the
18 time.

19 Q Did you appear before a judge to get immunity?

20 A No.

21 Q Were you told by some US attorney that you
22 had immunity?

23 A Not in that sense, no.

24 Q Did you ever get any written piece of paper
25 that said, "You are immune from prosecution for all those
26 crimes you committed"?

27 A No.

28 Q So as you sit there now, what are you relying
29 on as far as your immunity?

1 A I am not even worried about it. I will tell
2 the truth, and if that is what it takes.

3 Q All right. Specifically then what is the first
4 crime that you committed?

5 A The first?

6 Q The first.

7 THE COURT: Are we talking about a civil crime or
8 something that is contrary to the laws of the State or
9 United States or are we talking about something within
10 Scientology?

11 MR. HARRIS: I am talking about all of the crimes,
12 Your Honor, of this State so far as he knew and the
13 Federal Government so far as he knew.

14 MR. FLYNN: What he understands a crime to be,
15 including conspiracy to commit murder, Your Honor?

16 THE COURT: Well I assume that we are talking about
17 a transaction of a particular nomenclature. It might vary
18 from state to state or jurisdiction to jurisdiction, and
19 we are not going to spend our lives on this. Just start
20 and tell us a few and then answer the question.

21 THE WITNESS: All right. Give you an example.

22 Chuck Reese and I and Maddy Reese went to
23 St. Rose of Lima Hospital in Henderson because through
24 some of their intel they had found that they were going to
25 hold a Mental Health Association meeting there and we
26 planted a tape recording device underneath the table.

27 Q Did you do that personally?

28 A Yes.

1 Q You went into this location and you planted a
2 tape recorder underneath the table?

3 A Right.

4 Q All right, and did you record the conversation
5 that occurred there?

6 A Oh, I am sure I did.

7 Q Well, did you get a tape of the conversation?

8 A I watched the tape being transcribed by
9 Chuck Reese to be sent to Los Angeles to the Guardian's
10 office.

11 Q Did you listen to the tape?

12 A No we left the room.

13 Q Did you go back and retrieve the tape
14 recorder?

15 A No, that wasn't my job.

16 Q You just left it there?

17 A Yeah.

18 Q So far as you know, it is still there?

19 A As far as I know, no.

20 Q All right, did you retrieve the tape from
21 the tape recorder?

22 A No, I believe Chuck Reese did.

23 Q When you say you believe Chuck Reese did,
24 did you see him do it?

25 A No, I participated in discussions of him
26 telling how he handled the situation.

27 Q Now, when you went in there to plant the
28 tape recorder, did you pick a lock to do it?

1 A No.

2 Q Was the place open?

3 A Yes.

4 Q And you walked into the room where you thought
5 this was going to happen and you put a tape recorder
6 underneath the table; right?

7 A Yes.

8 Q So what happened to the tape so far as you
9 know?

10 A As far as I know, Chuck Reese typed it up.
11 They sent to US GO with the data to be sent to Flag and
12 the Hubbards for evaluation.

13 Q Now this is something that you observed on
14 the routing?

15 A I wasn't standing behind him. I am listening
16 to him and Maddy talk about what they needed to do.

17 Q You didn't have anything to do as far as
18 sending the transcript anyplace; right?

19 A That is right.

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1 Q What is the next -- by the way, did you know
2 whether or not it was against the law to do what you did at
3 that time?

4 A No, I didn't.

5 Q All right. What is the next crime that you
6 committed, Mr. Walters?

7 A Well, the next one I can think of is sitting and
8 participating in discussion -- Bruce Raymond and Maddie Reese
9 called me into the Guardian's Office. And Maddie Reese --
10 Susan Reed, Maddie Reese, and Bruce Raymond called me into
11 the Guardian's Office and said they were still hysterical
12 about Paulette Cooper and her book.

13 And Bruce Raymond was starting to tell me about,
14 "You are from New York, Eddie. And you know New York pretty
15 well."

16 I said, "Yes."

17 And Susan was giving me the thing again about
18 how important it is to go clear and to help destroy the
19 enemies that were out to get Hubbard and that were leading
20 in a direction. And Paulette Cooper's book must be stopped
21 at any cost, something designed to permanently handle her.
22 I don't know if it was poison or something, that she would
23 be done away with. And leading in a direction that I would
24 possibly go there.

25 Q And did you do that?

26 A No.

27 Q You declined?

28 A It is not that simple.

1 Q But you didn't go and poison Paulette Cooper;
2 did you?

3 A No, I didn't.

4 Q And you saw Paulette Cooper down at Clearwater
5 just last May?

6 A Yes, I did.

7 Q She is still alive and well?

8 A And I was amazed.

9 Q What is the next crime that you committed,
10 Mr. Walters?

11 A All right. Then we had a Dr. O'Gorman,
12 Dr. William O'Gorman, head of the Psychiatric Association
13 in Las Vegas.

14 Something had come from Los Angeles to Las Vegas
15 that there was a big conspiracy that the Psychiatric
16 Association was connected with, either AMA and Inter Pol and
17 that they wanted me to go in and act as a patient.

18 Q Who is "they"?

19 A Susan and Maddie, I think, were in the room.

20 Q Susan and Maddie had a conversation with you in
21 which they asked you to do something with respect to
22 Dr. O'Gorman?

23 A Yes.

24 Q Did you see any orders in connection with that?

25 A They had a OPS in Susan's hands.

26 Q Did you actually look at it to determine what
27 you were supposed to do?

28 A No. They told me.

1 Q When you say they told you, was there someone
2 specifically who told you what to do?

3 A Susan and Maddie.

4 Q Both of them simultaneously?

5 A Yes, sitting there and having a discussion on
6 what they wanted me to do.

7 Q And pursuant to what they wanted you to do, you
8 did do something?

9 A Yes.

10 Q And what did you do?

11 A I went over to Dr. William O'Gorman's place;
12 we knew where it was because Chuck Reese had been following
13 him for weeks trying to plant a girl on him.

14 So Chuck drove me over; showed me his office.

15 I went in there and -- I saw the secretary.

16 I said, "I want to see Dr. O'Gorman."

17 I went in to Dr. O'Gorman. He started talking
18 to me and my thing was supposed to be that I wanted to find
19 out about possibly getting some help and that I had been
20 bothered by a bunch of different groups. And I was to mention
21 some different groups.

22 Q Did you mention those groups to Dr. O'Gorman?

23 A I remember exactly.

24 Q Do you remember the conversation that you had
25 with Dr. O'Gorman?

26 A In -- you know, generally, yes.

27 Q Did you attempt to get treatment from
28 Dr. O'Gorman?

1 A It didn't go in that direction.

2 Q Did you tape record your meeting with the
3 doctor?

4 A Yes, I did.

5 Q And that was your tape recorder that was used;
6 is that right?

7 A Yes.

8 Q And what did you do with the tape?

9 A I brought it back to Maddie, Chuck, and Susan,
10 I think.

11 And then the next day, the next few days, I would
12 go in and listen to what --

13 Q What the tape said?

14 A No. I would listen to what they had either done
15 with it or what they had planned to do with it.

16 Q Were you aware at the time that you went into
17 the doctor's office with a tape recorder on that it was
18 against the law in Las Vegas -- strike that -- in Nevada to
19 tape record such a conversation?

20 A I never even thought of it. I was willing to
21 do whatever it took to protect us against the enemies. I
22 didn't think of it.

23 MR. HARRIS: May we take a break, Your Honor.

24 THE COURT: We'll take 15 minutes.

25 (Recess.)

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1 THE COURT: All right, in the case on trial let the
2 record reflect that counsel are present.

3 The witness has retaken the stand. Just state
4 your name again for the record, sir. You are still under
5 oath.

6 THE WITNESS: Edward Walters.

7 THE COURT: You may continue, Mr. Harris.

8 MR. HARRIS: Thank you, Your Honor.

9 Q Now, Mr. Walters, this tape that you made of
10 Dr. O'Gorman, did you personally go to O'Gorman and
11 threaten to blackmail him with it?

12 A Did I? No.

13 Q Now what ethics and justice course did you
14 take?

15 A I took ethics course at Las Vegas.

16 Q And what was the name of that?

17 A At that time it was called Ethics Hat. Then
18 an Ethics Hat, and then an Ethics Course.

19 Q The Ethics Hat, was that the hat of an ethics
20 officer?

21 A Yes.

22 Q And you completed that; is that correct?

23 A Yes.

24 Q And then you took an ethics course; where
25 was that?

26 A At Celebrity Center I did an ethics course.

27 Q Celebrity Center, Las Vegas?

28 A Yes.

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- 1 Q And how long did that course take?
- 2 A Well, with me a few weeks because I was there
3 at night.
- 4 Q And I take it that you passed the course
5 successfully?
- 6 A Yes.
- 7 Q Any other ethics courses that you took?
- 8 A The ethics part of the Class 8. There is an
9 ethics section on the ethics and justice systems of
10 Scientology on the Class 8 course.
- 11 Q And the name of the course that was the ethics
12 course that you took at Celebrity Center was what?
- 13 A I forget. I forget the name of it at the
14 time.
- 15 Q And I take it then as this volunteer ethics
16 officer, you declared people; right?
- 17 A No.
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1 Q You never declared anybody as a volunteer Ethics
2 Officer?

3 A No.

4 Q Did you go personally to any declared person and
5 threaten them with the data from their PC file?

6 A Me personally?

7 Q Yes.

8 A No.

9 Q Did you go to any declared person and commit some
10 offense against them, you personally?

11 A No.

12 Q You didn't -- strike that.

13 Did you have a list of people who were declared
14 that you had with you at any time in Las Vegas?

15 A Yes. There was always a current list of SP's,
16 yes.

17 Q Can you tell me did you carry this list on your
18 person?

19 A No.

20 Q Did you have it at your house?

21 A I think I have had one or two at the house,
22 yes.

23 Q And, Mr. Walters, I take it on this O'Gorman
24 tape you came back to the organization and you told all the
25 public and the staff about what you had done; is that
26 correct?

27 A No. It was designed not to tell the public,
28 staff. They would leave.

1 Q So you told no public; that is, public
2 Scientologists who were there and you told none of the staff;
3 is that correct?

4 A General staff?

5 Q That's right.

6 A No.

7 Q Now, in these Ethics handlings that you did as
8 a volunteer Ethics officer did you have the purpose when
9 doing these handlings simply to protect the organization?

10 A As a sole reason?

11 Q Yes.

12 A No.

13 Q Did you have at the time that you were doing
14 these Ethics handlings an idea that the person could be
15 helped by your Ethics handling?

16 A Yes. I believed that, yes.

17 Q And insofar as your belief at the time it was
18 the belief that you were going to make these people more
19 able and better; is that correct?

20 A Well, if somebody is flapping, causing trouble,
21 or just somebody in Ethics?

22 Q Let's divide them into two classes, the ones that
23 weren't flapping; you were using a Scientology Ethics
24 system in order to help them; is that correct?

25 A Help them remain a Scientologist, yes.

26 Q And help them as individuals; right?

27 A Yes.

28 Q And those that were flapping, as you say, your

1 purpose in giving them an Ethics handling was to keep them
2 in the organization, so they wouldn't flap; is that right?

3 A No. It was more than that.

4 Q What was the dominant purpose of giving them an
5 Ethics handling?

6 A To find out how severe the flap was; was there
7 any possible danger or alleged threat to the organization;
8 if so, to get that information to the Guardian's Office
9 immediately for handling.

10 Q Now, the specific persons who were causing a flap
11 that you handled ethically and passed on the information to
12 the Guardian's Office was who?

13 A Give me that again?

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1 Q You participated in handling people who were
2 a flap; right?

3 A At different times, yes.

4 Q Now when was the first time?

5 A I can't remember the first time.

6 Q Can you remember the year in which it occurred?

7 A I probably handled somebody -- let's see --
8 by '74 I was, I think, a Class 6 at the time helping a bit
9 on ethics and I --

10 Q And this was at the Las Vegas organization?

11 A Yes.

12 Q Now, what was the name of the person who was
13 a flap at that time that you used ethics handling on?

14 A Okay. I can remember a Kathy Cade.

15 Q Public or staff?

16 A She was staff.

17 Q And what was the flap?

18 A The flap, as I remember, was she was married,
19 I believe to one staff member, but having -- let's say
20 an out 2D with another staff member, which was causing the
21 other staff member to get upset and possibly thinking of
22 leaving, and our public people were starting to notice this
23 because the other staff member was a supervisor and she was
24 caved in, and we are trying -- we have the means to handle
25 the planet and yet the supervisor is crying, and so I had to
26 get in and handle Kathy.

27 Q And in the handling of Kathy, did you threaten
28 her?

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1 A Matter of degree.

2 Q Well did you tell her that she was causing
3 problems in the organization?

4 A Started out in that direction, yes.

5 Q And during this ethics handling, did you give
6 her a sec check?

7 A No it wasn't needed, no.

8 Q Who was the next person that you recall handling
9 as a flap?

10 MR. FLYNN: Your Honor, I am going to object. We
11 will be here for --

12 THE COURT: I'm going to sustain the objections.

13 MR. HARRIS: Well, it tests his --

14 THE COURT: Well you have tested it. Let's go on to
15 something else. We could spend all day with this witness
16 and I don't propose to do so after six weeks of this
17 trial.

18 Q BY MR. HARRIS: You said that Ardie Marron was
19 the highest official in Scientology; is that correct?

20 A Not legally but the highest public official,
21 the one that we represented to the public as representing
22 Scientology.

23 He was the -- US AG PRO.

24 Q So he was a public relations person; is that
25 correct?

26 A Right.

27 Q Now when was the last time that you talked to
28 Ardie Marron?

1 A The day we took that four or six hour walk.

2 Q And that four or six hour walk what day,
3 what month, what year?

4 A I would have to say it would be around March 6,
5 7th, 8th or 9th, something in there.

6 Q Now, after you took this walk with Ardie Marron,
7 you went to the police; is that right?

8 A To the police or the FBI. I didn't go to the
9 police.

10 Q Well you went to the FBI?

11 A I believe that is the sequence, yes.

12 Q Now as a result of the wealth of information
13 that you gave the FBI, I take it lots of people were indicated;
14 is that correct?

15 MR. FLYNN: Objection, Your Honor.

16 THE COURT: Argumentative, sustained.

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1 Q BY MR. HARRIS: Well, was anybody indicted, as
2 far as you know, based upon your information?

3 MR. FLYNN: Objection, Your Honor.

4 THE COURT: Overruled.

5 You can answer.

6 THE WITNESS: I don't know what the FBI did.

7 Q BY MR. HARRIS: You don't know what the FBI did
8 with your information?

9 A No, I don't.

10 Q Did you testify before any Grand Juries?

11 A No.

12 Q And you are a client of Mr. Flynn's; right?

13 A Yes.

14 Q And you have been a client of Mr. Flynn's for
15 how long?

16 A Let's see. The week after I went to the FBI --
17 no; a few months later.

18 Q That would have been '79?

19 A '79, yes.

20 Lavinia Dukopf called me about threats she was
21 receiving and asking me for help.

22 She told me about Mike Flynn as the lawyer and
23 asked if he could come to meet with me in Vegas. And he
24 didn't come, but two others did.

25 Q Two from his office?

26 A Yes.

27 Q And you had a long talk with them and you
28 retained them; is that right?

1 A Yes.

2 Q And at the time -- strike that -- after you
3 retained Mr. Flynn --

4 By the way, have you given him any money?

5 A No.

6 Q After you retained Mr. Flynn you began to get
7 people who were disaffected with Scientology to call up
8 Mr. Flynn; is that right?

9 A In fact, I have never asked or told anyone to
10 call Mike Flynn.

11 Q Have you gathered people together in your house
12 for the purpose of having them get together with Mr. Flynn
13 and retain him as counsel?

14 MR. FLYNN: Objection, Your Honor.

15 THE COURT: I'll sustain the objection.

16 MR. HARRIS: No further questions.

17 THE COURT: Redirect?

18 MR. FLYNN: Just a couple of things, Your Honor.

19

20 REDIRECT EXAMINATION

21 BY MR. FLYNN:

22 Q Were you sued by the Church of Scientology
23 approximately 10 days after Thomas Hoffman and Kevin Flynn
24 from my office met with you for the first time in late 1979?

25 A Yes.

26 Q And at that time did you retain me to defend
27 you?

28 A Yes.

1 Q Have you been sued twice since then by the
2 Church of Scientology?

3 A Yes; three people from the Attorney General's
4 Office in Clearwater came to see me and sued me and said I
5 was in a conspiracy with them.

6 Q After the one meeting with Thomas Hoffman were
7 you sued for conspiracy and violation of First Amendment
8 Rights of the Church of Scientology?

9 A Yes.

10 Q You have been sued twice since then for violation
11 of their First Amendment Rights?

12 A Yes.

13 Q Just so the Court will have the right impression,
14 what are some of the names of the pool players you have been
15 in tournaments with?

16 A Willie Mosconi; Minnesota Fats; Joe Balsis, all
17 the top players in the world.

18 Q At one time you were the national pingpong junior
19 champion of the world -- of the United States?

20 MR. HARRIS: I'll object, Your Honor.

21 THE COURT: I'll sustain the objection.

22 Maybe he ought to get a Lite commercial job.

23 MR. FLYNN: That's all I have, Your Honor.

24 THE COURT: Anything further, Mr. Harris?

25 MR. HARRIS: No, Your Honor.

26 THE COURT: You may step down.

27 MR. FLYNN: Kima Douglas, please.
28

1 KIMA CAROL ELIZABETH DOUGLAS,
2 called as a witness by the Defendant in surrebuttal, was
3 sworn, and testified as follows:

4 THE CLERK: Raise your right hand to be sworn, please.

5 THE WITNESS: I do so swear.

6 THE CLERK: Be seated. State and spell your name,
7 please.

8 THE WITNESS: Kima, K-i-m-a, Carol, C-a-r-o-l, Elizabeth
9 Douglas, D-o-u-g-l-a-s.

10
11 DIRECT EXAMINATION

12 BY MR. FLYNN:

13 Q Mrs. Douglas, you are married to Michael
14 Douglas?

15 A Correct.

16 Q And you were involved with the Church of
17 Scientology between certain years?

18 A Yes, sir.

19 Q What were those years?

20 A 1968 to 1980.

21 Q In the years 1978 to 1980 what positions did you
22 hold?

23 A I was COHU. And I was Medical Officer
24 Worldwide.

25 Q Were you the personal Medical Officer for L. Ron
26 Hubbard?

27 A Yes, sir.

28 Q During what period of time?

1 A From 1975 until I left in 1980.

2 Q And during that period of time you took care of
3 Mr. Hubbard's medical needs?

4 A Yes, sir.

5 Q And were you in the presence of L. Ron Hubbard
6 on virtually a daily basis during that period of time?

7 A From 1977 on except for a period when I took
8 a two-week period off each year. I was with him daily. Prior
9 to that there were times when I was doing missions. So I
10 wouldn't have been with him on a daily basis, but it was
11 about 80 percent daily.

12 Q In connection with these missions, you were the
13 director of approximately 14 or 15 Scientology corporations?

14 A During my period in Scientology, yes.

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1 Q And RRF, Religious Research Foundation was
2 one?

3 A Yes.

4 Q And REA was another?

5 A Yes.

6 Q And did you incorporate RRF?

7 A And REA, yes.

8 Q And were you sent on mission by L. Ron Hubbard
9 to incorporate those corporations?

10 A I was.

11 Q And in connection with all such corporations
12 did you sign undated letters of resignation?

13 A Yes, I signed that.

14 Q Was the purpose of RRF to have L. Ron Hubbard
15 receive money?

16 MR. HARRIS: I will object to that; leading.

17 Q BY MR. FLYNN: If you know.

18 THE COURT: Overruled; you can answer.

19 THE WITNESS: Yes.

20 Q BY MR. FLYNN: From Church of Scientology
21 organizations?

22 A Yes.

23 Q Now do you recall the date that you left the
24 church -- left working for L. Ron Hubbard.

25 A The 16th of January, 1980.

26 Q Prior to that time were you in the presence of
27 L. Ron Hubbard when he approved the petition of Gerald Armstrong
28 marked exhibit F for purposes of collecting documents to

21/2

1 write a biography and did you see him personally approve it?

2 A Yes.

3 MR. HARRIS: Objection; compound.

4 THE COURT: Overruled.

5 Q BY MR. FLYNN: You saw him personally approve
6 it?

7 A Yes, I was there when he got it. He talked
8 to me about Gerry because Gerry had been a junior of mine.
9 During the period that Gerry was in the RPF I had taken the
10 RPF under my wing as COHU for a short while and he told me
11 what Gerry's petition was and he actually showed me the thing
12 that he had signed. He actually signed this piece of paper.
13 This was then typed up by a messenger later on.

14 Q When you say he actually signed this piece
15 of paper, you are referring to exhibit F?

16 A Right.

17 Q And you saw him sign that?

18 A Yes, "R, Okay." And it was there his cross on
19 it.

20 Q Now there is some routing on it exhibit F
21 including "cc: COHU."

22 A That is me.

23 Q Now you have heard the name Ernest Hartwell
24 mentioned?

25 A Yes.

26 Q Were you in the presence of L. Ron Hubbard when
27 he ordered the Hartwell's PC files to be culled?

28 A Yes. He ordered all crimes listed and signed

21/3

1 by the Hartwells before they left. I believe the Hartwells
2 were incarcerated for a short while.

3 Q You gave some photographs to Gerald Armstrong
4 to sell?

5 A I did.

6 Q And did those photographs belong to you?

7 A They were taken by me with my camera. They
8 were personally my photographs.

9 Q And you are familiar with the OTC Corporation?

10 A Yes.

11 Q And were you aware that board minutes of that
12 corporation were backdated?

13 A In one instance, yes.

14 Q Now did you have the opportunity to personally
15 observe L. Ron Hubbard between 1978 and 1980 with regard to
16 irrational or abusive behavior?

17 A Yes.

18 Q And what did you observe?

19 A That there were times that he was irrational.

20 Q And was he abusive?

21 A I saw him hit one person. I consider that
22 abusive.

23 Q Did you personally see L. Ron Hubbard order
24 people to the RPF for minor infractions?

25 A Yes, I was one of them.

26 Q And what was the infraction?

27 A I had -- LRH had a kidney infection. We
28 had taken the urine test in to be examined. The urine test

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1 came back that he had streptococci bacteria and we started
2 treating him with an antibiotic.

3 Six weeks later I did another test because
4 he wasn't getting better. We brought the test to him and
5 it showed different bacterial infection at that point and he
6 was very angry and put me in the RPF.

7 It was not an RPF as it later became when
8 Gerry was there. I was put in to Coventry for five weeks
9 and nobody was allowed to talk to me.

10 Q Are you familiar with the culling of PC files
11 at winter headquarters and summer headquarters at the Special
12 Unit in 1977 and '78?

13 A Yes.

14 Q And what did you see with regard to the culling
15 of PC folders?

16 A I have culled PC folders myself. I have seen
17 other staff members culling folders.

18 Q For what purpose?

19 A To be sent to B-1.

20 Q And B-1 is what?

21 A Guardian office intel.

22-1

1 Q Now, when you left the organization did you do
2 what they call "blow out" without routing out?

3 A Yes.

4 Q And was that a high crime in Scientology?

5 A Absolutely.

6 Q And for which one could be declared?

7 A Yes.

8 Q Were you declared?

9 A No. LRH did not declare me.

10 LRH and I had very special communications. We
11 had been friends, and I think, on a very special level for
12 quite a long time. I had seen him through quite a lot of
13 things.

14 Q And were you personally familiar with his health
15 history?

16 A Yes.

17 Q And because of the nature of the technology of
18 Scientology his health history was held out to the public
19 as being superior?

20 A Yes.

21 Q And you know in fact that his health history was
22 not what it was represented to the public as; is that
23 correct?

24 A Correct.

25 Q And on at least one occasion you had saved
26 L. Ron Hubbard's life from a pulmonary embolism?

27 A I got him into a hospital. That saved his life.
28 I didn't personally save his life, but he had refused to go

1 into a hospital and I countermanded his order which was not
2 a normal thing. But I countermanded his order on two
3 occasions. That was one of them.

4 MR. FLYNN: That is all I have.

5 THE COURT: You may cross-examine.

6 MR. LITT: Thank you, Your Honor.

7
8 CROSS-EXAMINATION

9 BY MR. LITT:

10 Q Mrs. Douglas, you said something about the fact
11 that you had incorporated RRF; is that right?

12 A Yes.

13 Q And what you meant by that is that you took a
14 trip someplace and were responsible for setting up the
15 corporation?

16 A Correct.

17 Q And you returned and then immediately resigned
18 your director's post in the corporation and other people
19 assumed the director's post?

20 A Quite immediately.

21 I spent five days in a Spanish jail prior to
22 getting back in to the ship.

23 Q The five days that you spent in the Spanish jail,
24 that was as a result of harassment by the Spanish government
25 against Scientology?

26 MR. FLYNN: Objection, Your Honor.

27 THE COURT: I suppose it is a compound question.

28 You can ask if she knows why she was put in jail.

1 THE WITNESS: I was put in jail by the --

2 What is your MI-5 in this country? The CIA and
3 by the Spanish who were acting for the CIA.

4 Q And you were falsely accused of selling drugs?

5 MR. FLYNN: I object. Beyond the scope, Your Honor.

6 THE COURT: I suppose you are getting into all kinds
7 of things.

8 I'll overrule the objection. If you know.

9 THE WITNESS: I was accused of having drugs in my
10 possession.

11 I had a box of chocolates. And the Spanish
12 people put some chemicals in and they came out purple. And
13 they said, "You see, that is LSD," or something.

14 The chocolates had been given to me by an
15 airline, had been given to me by the captain on the airline
16 which I came back on which was KLM because during the flight
17 they called for a doctor; they didn't have a doctor. I was
18 a nurse. They had a man on board that couldn't urinate.

19 I sat on the toilet with him and got him to
20 urinate.

21 They gave me a box of chocolates. That is the
22 chocolates that had, "LSD" in them.

23 Q BY MR. LITT: Were you questioned by the Spanish
24 authorities and some American about Scientology during the
25 course of your arrest?

26 A Yes. I had PC folders with me that had lists
27 of any drug that any person had ever taken. So they had a
28 list of drugs in them.

1 Q Now, with respect to the incorporation of RRF,
2 when did that occur?

3 A I can't remember exactly. It seems to me it was
4 around '72, '73, but I am not sure. It was in the fall.
5 And I just cannot remember exactly when it happened.

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MR. LITT: May this be marked next in order, Your Honor?

THE COURT: 115, all right.

MR. FLYNN: Your Honor, if we have the incorporation papers, I think those should be marked rather than just a bid.

MR. LITT: I don't have the incorporation papers. This is what I have, Your Honor.

MR. FLYNN: In any event, I have no objection to its admissibility.

MR. LITT: May I just ask my question, please, Your Honor?

THE COURT: Be my guest.

MR. LITT: Thank you.

Q Miss Douglas, have you seen this document before?

A No.

Q It is a receipt for having received \$400.

A Maybe I did. It is possible. I got a lot of papers when I went down there and incorporated. I didn't have too much of an idea of what I did. I had a -- how I was supposed to do it and I sort of went to each of the people in Monrovia, and they then sent me to the next guy, and then I went to the next guy and did what I was supposed to do.

Q Now, the date on here is August 21, 1973; does that help to refresh your recollection as to the time when RRF was set up?

A I'd go with that.

23/2

1 Q You said you didn't know too much of what you
2 were doing, if I understand it. Essentially you were sent
3 down and your job was to get this corporation set up?

4 A I have set up previous corporations, but I have
5 never set up a corporation in Monrovia before and it wasn't
6 very organized down there.

7 Q And other than getting it set up, it wasn't
8 your job to then run it after that?

9 A No, but I was made a corporate-- -- I think it
10 was the secretary or treasurer of it when I signed on and
11 signed off when I got back to the ship.

12 Q So you were made the treasurer and secretary
13 for corporation purposes?

14 A Right.

15 Q But you did not after you returned to the
16 ship, you did not continue to function as an officer or
17 director of RRF?

18 A No.

19 Q And you never dealt with personally with any
20 of the activities of RRF; is that correct?

21 A No. However there was no --

22 Q When you say "no," we are going to get confused
23 here. Let me try it again.

24 You did not handle personally any of the
25 corporate matters of RRF after you resigned? Answer the
26 question yes if that statement is correct.

27 A Oh, I see. Yes.

28 There is one thing I need to say. Even though

1 I signed off, at that time there was no new member put onto
2 the board to take my position for quite a few months.

3 Q Okay.

4 A So I was sort of kind of a member but not a
5 member.

6 Q And you testified that it was your understanding
7 that the purpose of RRF had to do with moneys to LRH?

8 A Uh-huh.

9 Q And your understanding was that that was in
10 connection with royalties; is that correct?

11 MR. FLYNN: Objection, Your Honor.

12 THE COURT: Well, it is cross-examination.

13 THE WITNESS: It did seem to me to have something to
14 do with royalties. I don't -- understand, I read this
15 thing through. I know it dealt with finances. I know it
16 dealt with some finances to LRH.

17 It also seemed to deal with a royalty problem.
18 I know there had been a royalty problem in Denmark because
19 from Europe we couldn't get money out at a certain period;
20 okay?

21 Things then changed. I don't even know how
22 and what. I don't know what was happening out there. I
23 just know there was a problem. This dealt with some of it.

24 Q BY MR. LITT: All right, now, you testified
25 that you were ordered to the RPF. Actually I guess it wasn't
26 the RPF.

27 A It was a special RPF.

28 Q And when was that?

1 A I believe it was '78. No, wait a moment.
2 When was the raid on -- when was the raid?

3 Q Well I will ask you another question.

4 MR. FLYNN: Which raid?

5 Q BY MR. LITT: Would it be some time around the
6 summer of 1977?

7 A I believe so.

8 Q And at that time you were holding the
9 position as head of the household unit?

10 A I was CO HU prior to that, yes.

11 Q And you spent five weeks in this assignment?

12 A I spent five weeks in total silence pruning
13 citrus trees.

14 Q And after that, you went back and reassumed
15 your post?

16 A No, I did not. I was cook for 400 people for
17 a short while, and then LRH came back. This was after the
18 raid flap had sort of settled down. LRH had gone. He came
19 back and he put me back on post.

20 Q And that was in approximately the beginning
21 of 1978?

22 A If you say so. I am not really good on dates.
23 I am sorry.

24 Q In any event, you came back to your post as
25 Commanding Officer of the Household Unit; is that right?

26 A That is correct.

27 Q And you continued to retain your special
28 relationship with Mr. Hubbard that you have testified to?

1 A Correct.

2 Q And you continued to work with him as you
3 have testified to on a daily basis?

4 A Right.

5 Q And this was after this assignment that you
6 have described, all of these events that I have been
7 asking you about; is that right?

8 Now, you said that on occasion you saw
9 Mr. Hubbard, I think you said you saw him get what you felt
10 was irrational. You also, in general, observed him to be a --
11 in fact, I will change that, to be an extraordinary man in
12 your judgment?

13 A He was a genius as far as I was concerned.

14 Q And these occasions where you observed what
15 you felt was sometimes a fit of temper, for instance?

16 A You could call it that.

17 Q In your opinion and in your experience, those
18 were not characteristic. They were times when you observed
19 that Mr. Hubbard would get angry or get upset or get even,
20 as you viewed it, irrational?

21 MR. FLYNN: I will object. It is a compound question.

22 THE COURT: Well it is very compound. I don't know
23 where the question mark came in there. It kept going on and
24 on.

25 MR. LITT: I am giving her a range of choices,
26 but --

27 THE COURT: You answer yes to a range, you don't get
28 very much.

1 Q BY MR. LITT: And this characterization that
2 Mr. Flynn has asked you about as to whether or not you have
3 ever observed Mr. Hubbard to be irrational, in your
4 experience that was not characteristic of Mr. Hubbard; these
5 things; these were things that you observed occasionally;
6 is that correct?

7 A Occasionally, yes.

8 Q And you said that you spent five years on a
9 virtual daily basis with Mr. Hubbard?

10 A Virtually; especially the last three years.

11 Q Now, Mr. Flynn also asked you about Mr. Hubbard's
12 health.

13 You last saw Mr. Hubbard in January of 1980?

14 A Yes.

15 Q And at that time his health was the best you had
16 ever seen it; wasn't it?

17 MR. FLYNN: I object. The best she had ever seen?

18 MR. LITT: Yes, in his case.

19 THE COURT: Of Mr. Hubbard.

20 I'll overrule it.

21 THE WITNESS: As far as his weight was concerned, yes.
22 He had by this point gone through two embolisms which do have
23 quite a lot to do with weight.

24 He was still smoking a lot, about three or
25 four packs a day.

26 His weight being down, as far as I was concerned,
27 put him into the best chance he has had for a long time.

28 Q He was also exercising? You had, in fact,

1 assisted him in setting up an exercise program?

2 A It was real basic, but it was exercise, yes.

3 Q Now, with respect to the photographs that
4 Mr. Flynn asked you about, these were photographs taken while
5 you were still --

6 A Christmas and New Year's of 1980 -- excuse me --
7 '79.

8 Q And it was your understanding at the time you
9 took the photographs that they were only for your personal
10 use; correct?

11 A Uh-huh.

12 Q Now, after this photograph incident you attended
13 a meeting at the Bonaventure Hotel; is that right?

14 A Uh-huh.

15 THE COURT: You have to answer audibly.

16 THE WITNESS: I'm sorry. Yes.

17 Q BY MR. LITT: And how is it that you came to
18 attend this meeting? Did somebody contact you and suggest
19 that you attend?

20 A Yes.

21 Q Who was that?

22 A Jim Dincalci.

23 Q And did you attend the meeting two days or one
24 day?

25 A Two days basically. But it wasn't a continuing
26 meeting. It was just one meeting and then the next day we
27 sort of chatted and --

28 Q All right. Now, going to the second day, at the

24-3

1 time that you arrived at that meeting was Mr. Armstrong
2 there?

3 A On the second day?

4 Q If you recall.

5 A I don't know. I can't answer that exactly
6 because I don't know.

7 Q And do you recall any document being present at
8 that time?

9 A Not on the second day, but on the first day, yes.

10 Q All right. Let's go to the first day.

11 Do you know whether Mr. Armstrong was there when
12 you arrived on the first day?

13 A It seems he was, but I am not going to swear to
14 that. It seems he was.

15 Q And were there documents set out on a table or
16 a bed or something?

17 A Just some papers on a bed.

18 Q And did you have the understanding that they were
19 available for you to look at?

20 A Mike told me I could look at them.

21 Q Mike, Your Honor?

22 A No; Mr. Flynn.

23 Q I see. So at this meeting he made a statement
24 that he had various documents that people could take a look
25 at them, something like that?

26 MR. FLYNN: Objection.

27 THE COURT: "Something like that" makes it almost
28 anything. It is too general.

4-4

1 MR. LITT: I'll rephrase the question.

2 Q Mr. Flynn made the statement that you and others
3 who were present could look at the documents that were there;
4 is that right?

5 MR. FLYNN: Objection, Your Honor.

6 THE COURT: I'll overrule the objection.

7 THE WITNESS: As I remember, Mr. Flynn was there;
8 myself and my husband, possibly Gerry was there. I am not
9 even sure.

10 But he said there are some papers there that you
11 can read.

12 I knew the papers. I had seen them before.

13 Q All right. And among the papers were a set of
14 papers regarding some diaries and journals of Mr. Hubbard
15 from what appeared to be the post-war period, late 1940's?

16 A I don't know that they were diaries. They were
17 writings of LRH. I knew his writing; so --

18 Q Personal writings?

19 A Yes, you could say that.

20 Q And was there anything from -- anything else that
21 you remember from Mr. Hubbard's --

22 A I knew all the papers. So I sort of didn't
23 really bother reading them. I had read them all before.

24 Q But your husband hadn't, had he, to your
25 knowledge?

26 A He hadn't read them from me. So I -- you know --

27 Q And do you remember something having to do with
28 a ritual, anything like that, that was among the papers?

1 A I believe there was, yes. I think so.

2 Q And was there also a letter from Mrs. Hubbard
3 to Mr. Hubbard among the papers?

4 A I didn't get into them that much. I don't know.
5 There possibly was. I am not sure.

6 All I know is that I looked through them; I
7 flipped through them. I knew I had read them all. And I
8 left them.

9 Q Let me see if I can refresh your recollection.

10 I am referring specifically to a private letter
11 of Mrs. Hubbard to Mr. Hubbard from the early 1950's; do you
12 know the letter I am talking about?

13 A I know the letter you are talking about.
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1 Q You had, in fact, seen it when it was in
2 storage; is that right?

3 A That is correct.

4 Q Mrs. Douglas, was that letter at the meeting
5 to the best of your recollection?

6 A I cannot guarantee that it was and I cannot
7 say --

8 Q But you believe it was?

9 A There is a good possibility that it was, but
10 I can't -- as I said, I did not reach any -- there is a
11 good possibility, but I am not swearing a hundred per cent
12 that it was there because I don't remember.

13 Q I am not asking you to swear a hundred
14 percent.

15 THE COURT: Well she's told you what she remembers,
16 Counsel. Let's try a different question.

17 Q BY MR. LITT: Mrs. Douglas, did I have a
18 conversation with you last week concerning this subject?

19 A Uh-huh.

20 Q And did you tell me that you recalled this
21 letter having been at the meeting?

22 MR. FLYNN: I am going to object, Your Honor.

23 Mr. Litt has been involved in real estate
24 transactions with Mrs. Douglas' husband and has been
25 developing and cultivating for the last two years a personal
26 relationship --

27 MR. LITT: What is this? This is outrageous, Your
28 Honor.

1 THE COURT: Well, unless there is some attorney-client
2 privilege, I don't know. The fact that they may have talked,
3 whatever the circumstances were, may go to the weight.

4 Q BY MR. LITT: Mrs. Douglas, do you know what
5 the question is?

6 A I understand what the question is. Yes, I
7 recall talking to you and yes, I -- the thing is you are
8 asking me to give you a hundred percent answer.

9 Q No, I am asking you for your best recollection.

10 A My best recollection is that I believe it was
11 there; okay? But the only thing is --

12 Q That is fine.

13 A -- I am not sure.

14 Q All right, and at this meeting did Mr. Flynn
15 also suggest that there be organized conference of former
16 Scientologists to try to take over Scientology?

17 MR. FLYNN: Objection, Your Honor.

18 THE COURT: Overruled.

19 THE WITNESS: Did Mr. Flynn -- am I to answer?

20 Q BY MR. LITT: Yes.

21 A I am to answer. Okay.

22 Mr. Flynn did make mention about talking to
23 some Scientologists and showing the truth of what the papers
24 that he had showed up. Also, some of the things that were
25 not so public about RPF's, folder culling, some of the
26 criminal activities that the Guardian's office had taken to
27 certain people such as Paulette Cooper.

28 Q Well, let me -- I want you to focus on the

1 documents. You said that Mr. Flynn suggested a meeting
2 where the contents of these documents would be exposed, also?

3 THE COURT: That isn't what she said, Counsel.

4 MR. FLYNN: Your Honor, I am not on trial here and,
5 believe me, I don't want to become an L. Ron Hubbard. I am
6 not a cult leader and I don't want to become a cult leader,
7 and my motives are not that.

8 MR. LITT: That is not --

9 MR. FLYNN: I object.

10 MR. LITT: It had to do with the sequence of
11 events and the handling of the documents.

12 MR. FLYNN: Beyond the scope.

13 THE COURT: I think it is -- well, I will sustain
14 the objection.

15 Q BY MR. LITT: Was it suggested to you by
16 anybody that you yourself might want to bring a suit against
17 the church?

18 A I was asked if I was angry against Scientology
19 and I said I had been at one time and I don't know any
20 Scientologist who got out of it who wasn't. I had lost 12
21 years of my life.

22 I am not feeling -- I was not feeling that
23 way when I met Mr. Flynn and I still don't feel that way
24 at this time.

25 Q And was it suggested to you that you might
26 want to sue?

27 MR. FLYNN: Objection, Your Honor.

28 THE COURT: I will sustain the objection.

1 MR. FLYNN: The last thing I need is Scientology
2 clients.

3 MR. LITT: Your Honor, if Mr. Flynn wishes to testify,
4 he can take the stand.

5 THE COURT: You told us you were going to call him
6 a long time ago, and that is why you wanted him out of the
7 case.

8 MR. LITT: Yes, but he became counsel so we decided
9 not to.

10 THE COURT: All right. Disregard the comment.

11 MR. LITT: May I have a moment?

12 I have no further questions.

13 THE COURT: Mr. Harris, any questions?

14 MR. HARRIS: No, Your Honor.

15 THE COURT: Mr. Flynn.

16
17 REDIRECT EXAMINATION

18 BY MR. FLYNN:

19 Q Mrs. Douglas, was one of your duties inside
20 the organization to courier cash around the world?

21 A Yes.

22 MR. HARRIS: This is beyond the scope of cross.

23 MR. FLYNN: Just has to do with the Spanish jail.

24 THE COURT: Overrule the objection.

25 Q BY MR. FLYNN: Have you crossed the United
26 States in excess of a hundred times with millions of
27 dollars in cash?

28 MR. HARRIS: Well I will object to that, Your Honor,

1 as leading and also beyond what he stated it is for, why she
2 is in the Spanish jail.

3 THE COURT: Well it is of interest anyway. Overruled.

4 THE WITNESS: I answer?

5 THE COURT: Yes.

6 THE WITNESS: Not in excess of a hundred, but --

7 THE COURT: Not in excess of a hundred?

8 THE WITNESS: Hundred times. I have not crossed the
9 United States in excess of a hundred. It has been under
10 that, but I have couriered hundreds of thousands of dollars
11 out of the United States during the period when it was
12 actually a criminal action as it was actually only a certain
13 amount of money to be allowed to be taken out of the United
14 States, and I knowingly committed that action at the time.

15 Q BY MR. FLYNN: And do you know where the money
16 was taken at that time?

17 A To the ship. I took them to the Flag ship
18 myself.

19 Q Did you ever take any moneys to Luxembourg or
20 Lichtenstein bank accounts?

21 A Yes, I did.

22 Q And what amounts?

23 A I took some from the ship. I can't give you
24 an exact amount, but it was in excess of a million.

25 There was an action that was down at
26 Lichtenstein -- not --

27 Q Was it in cash?

28 A Yeah. Wait a minute. I don't know that it was

1 Lichtenstein. What is the other little country?

2 THE COURT: Luxembourg.

3 THE WITNESS: Thank you, sir. Luxembourg.

4 Q BY MR. FLYNN: Mr. Litt asked you about several
5 of Mr. Hubbard's illnesses.

6 Did he suffer from chronic pneumonia?

7 MR. LITT: I didn't ask about any of his illness. I
8 asked about his health.

9 THE COURT: Well, cross-examination. What is the
10 best health?

11 Q BY MR. FLYNN: Did he suffer from chronic
12 pneumonia?

13 A No.

14 Q Did he suffer from pneumonia?

15 A Once in a while.

16 THE COURT: Did he have any bullet wounds in his
17 back?

18 THE WITNESS: No, sir.

19 Q BY MR. FLYNN: Do you know where there is an
20 exhibit under seal, a letter of his in 1978 where he said he
21 suffers from chronic pneumonia?

22 A Yes.

23 Q Did he suffer from arthritis?

24 A Yes.

25 Q Bursitis?

26 A Yes.

26-1

1 Q Skeletal weakness?

2 A No.

3 Q Did he break his wrist while hitting a fly on
4 one occasion?

5 A If you call doing that, yes; he broke his
6 wrist.

7 THE COURT: I don't know whether the record will
8 reflect that, but the witness took her fist and slammed it
9 down on the counsel chair.

10 Q BY MR. FLYNN: Now, you felt very loyal to
11 Mr. Hubbard while you were working for him?

12 A I still do in a certain respect.

13 Q And when you left the organization were you
14 afraid of what they might do to you? Is that why you blew?

15 MR. LITT: Objection.

16 THE COURT: It is compound, counsel.

17 MR. LITT: Also beyond the scope.

18 THE COURT: It may go to credibility.

19 Q BY MR. FLYNN: Were you afraid of the
20 organization after you left, Mrs. Douglas?

21 A Absolutely.

22 I would like to give a little bit more on that
23 question, if I may.

24 Q In what way were you afraid?

25 A I was not afraid of the organization. I was
26 terrified of the GO and I was terrified of B-1.

27 I know my folders have been culled because I have
28 read my folders. I have seen the lists of culled crimes.

1 I know what they can use against me.

2 THE COURT: Have you gone down and asked that they be
3 destroyed in your presence?

4 THE WITNESS: No folders are ever destroyed, sir.

5 THE COURT: Mr. Spurlock on the witness stand a few
6 days ago said that any ex-Scientologist can go down and ask
7 to have his PC folders destroyed and they would do so in his
8 presence. I don't know whether that has ever happened, but
9 that is what he said.

10 THE WITNESS: It has never happened to my knowledge
11 before.

12 Q BY MR. FLYNN: Have you seen L. Ron Hubbard
13 regularly throw plates of food across the room?

14 MR. LITT: Objection, Your Honor.

15 THE COURT: I think we are getting a little farfetched
16 there.

17 MR. FLYNN: I have nothing further.

18 THE COURT: Anything further, gentlemen?

19 MR. HARRIS: I'll handle the cross, Your Honor, just
20 for a change of pace.

21

22

RE-CROSS-EXAMINATION

23 BY MR. HARRIS:

24 Q Mrs. Douglas, when your couriered your money
25 to Luxemburg from the ship, when was that?

26 A It was when we went to do a mission. I can't
27 give you the time. You can trace it down very easily. It
28 was when the Swiss raised their currency. They did something

1 with their currency which at that point scared LRH. And what
2 he wanted was all the Swiss francs taken from the Swiss banks
3 to Luxembourg and put into the vault.

4 They were numbered exactly from whatever number
5 they were. And those were his monies. And the Church's
6 monies were two separate very large bundles.

7 And that money was not to be used by the banks
8 for any other reason or anything like that.

9 We had to get all the numbers of those Swiss
10 francs which is what we did.

11 Q All right. So you went to Switzerland to a Swiss
12 bank, or --

13 A We took money from the ship.

14 Q To Luxembourg?

15 A To Luxembourg.

16 The transfer from Switzerland to Luxembourg had
17 already been done interbank wise because we were talking
18 millions and millions of dollars.

19 Q The mission that you went on to the Luxembourg
20 bank from the ship was in 1974, was it not?

21 A Again, it is a date. And I'm sorry. I'm not
22 real good. If you say so, yes. I don't know.

23 Q The money that you took to the Luxembourg bank
24 had been stored aboard the ship; is that correct, in
25 packages?

26 A No. There were some, but the main bulk of it
27 was transferred from Switzerland to Luxembourg.

28 Q Did you do that?

26-4

1 A I didn't do the transfer. It was interbank
2 transferred.

3 Q So this was something that you heard about
4 before you went on your mission to take the cash from the
5 ship; is that correct?

6 A It was the prior thing -- part of my mission
7 order stated to insure that this transfer had been done.

8 And it had been done when we got there. There
9 was all of this money there.

10 Q When you were on the ship and were going to take
11 take the money to Luxembourg, did you see how it was
12 packaged?

13 A With rubber bands around it.

14 Q Did you see where it was stored?

15 A In a safe.

16 Q Aboard the ship?

17 A Correct.

18 Q And were you aware --

19 A That is not all the money. That was just part
20 of it.

21 Q Were you aware that that money had been
22 transferred to the ship from Swiss banks?

23 A I have no idea where it came from. It was money
24 aboard the ship period.

25 Q Did you deposit it in an account of the Church
26 of Scientology of California or any of it, I should say?

27 MR. FLYNN: Objection, Your Honor.

28 THE COURT: She put it in a safe.

1 THE WITNESS: I stored it in this vault.

2 We actually went into the vault. We really upset
3 the bank a lot. But they allowed us into this vault.

4 Q Did you also transfer money into an account in
5 Luxembourg?

6 A I don't remember, to be quite honest with you.
7 I mean the biggest part of that mission, the big thing and
8 the whole reason for the mission was that we had the numbers
9 of the exact francs, Swiss francs.

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1 Q Yes.

2 A If any other money was transferred, that is
3 possible, but I don't -- I can't remember. All I remember
4 is taking out a lot of numbers.

5 Q All right, and at the time that you did this,
6 the person who was with you was your then husband, Tony
7 Dunleavy?

8 A No.

9 Q Who was the other person who was with you?

10 A Fred Hare and my husband-to-be, Mike Douglas.

11 Q And at the time that you put this in the bank
12 in the safe, you don't know what happened to it after that?

13 A No, I am sorry. I don't know what happened
14 to it. It was in the bank, in the safe, wrapped up.

15 Q Now, how much specifically was it that you
16 transferred to --

17 A Number one, it was Swiss Francs.

18 A Yes.

19 Q Number two, I don't know.

20 Q All right, good enough.

21 When you were transferring cash --

22 A I can tell you how big it was. Does that
23 help?

24 Q No. How about when you were transferring cash
25 across the United States; this was from where?

26 A Mainly from FBO; that is Flag Banking Officer
27 US which would have been Al --

28 Q Boutain?

1 Q Thank you, and then for a while it was
2 Mike Smith, and because I was relatively trusted in the
3 church, I was given -- money went to Flag weekly.

4 Q Yes.

5 A If there was a big mission going back, they
6 took large amounts of cash and it depended who the mission
7 was.

8 Q All right now how many such occasions did you
9 get money from Al Boutain to take to the ship?

10 A Seems to me 30, 40 times.

11 Q And what year was that?

12 A 1970 onto about '74.

13 Q And you would go directly to the ship with it?

14 A Uh-huh.

15 Q "Uh-huh" means yes?

16 A Yes.

17 Q And you would turn it over to whom?

18 A Vicky Livingston after a while, but it wasn't
19 Vicky Livingston in the first part.

20 It was Robin Roos for a little while. She was
21 CS 3. I don't know. There seems to have been somebody in
22 between there and then it was Vicky.

23 Q All right, and did you see what happened to
24 the money after that?

25 A No.

26 Q Did you have a conversation with either
27 Miss Roos or Miss Livingston as to what was to be done with
28 the money?

1 A None of my business. It really wasn't.

2 Q On your mission to Luxembourg to put the
3 Swiss francs in the safe, was LRH's money segregated from
4 church money?

5 A Yes. It had its own numbers.

6 Q Pardon me?

7 A It had its own numbers and there were these
8 bundles. That had its own numbers in bundles that belonged
9 to C of S of California.

10 MR. LITT: Okay. No further questions.

11 THE COURT: Mr. Flynn?

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13 FURTHER REDIRECT EXAMINATION

14 BY MR. FLYNN:

15 Q Vicky Livingston was LRH Accounts; is that
16 correct?

17 A She was CS 3 for a while. She was also LRH
18 Accounts. She was also Flag banking officer, Flag.

19 Q And she opened up personal bank accounts
20 for L. Ron Hubbard to your knowledge; is that correct?

21 A I don't know.

22 Q The bank when you did this mission was acting
23 as a storage facility for this cash; correct?

24 A Right.

25 Q And you were going to describe how big these
26 piles were; can you do that?

27 A Yes. Can I get up?

28 THE COURT: Sure.

1 **THE COURT:** The one set that belonged to C of S was
2 like this, but it was about flat. It was in large notes
3 because they were Swiss francs; okay?

4 LRH was the smaller one that sort of came
5 like this down and probably about like that.

6 **THE COURT:** Well I suppose we should ask you to
7 describe for the record. How wide was this now? You have
8 got a ruler there. Maybe you can tell us.

9 **THE WITNESS:** That is not a normal ruler. That is
10 not real good.

11 **Q** **BY MR. FLYNN:** Can you give dimensions?

12 **A** Say two foot by about three foot for C of S,
13 and then LRH would have been three foot by maybe one foot,
14 and then it went down in little steps, so -- I don't
15 know.

16 **Q** And all this cash was kept together in the
17 vault at the storage facility rather than being in a bank
18 account?

19 **A** Right, because of something that happened with
20 Swiss francs and it also went along with if the bank went
21 broke, they couldn't use that money to bail themselves out
22 because they were being a storage house rather than --

23 **THE COURT:** Creditor.

24 **THE WITNESS:** Right.

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1 Q BY MR. FLYNN: And this had nothing to do with
2 RRF bank accounts; correct, to your knowledge?

3 A I don't know.

4 I may have broken my wrist.

5 MR. FLYNN: That is all I have, Your Honor.

6 MR. HARRIS: Nothing further, Your Honor.

7 THE COURT: You may step down.

8 MR. FLYNN: Call Homer Schomer, Your Honor.

9 MR. HELLER: Good morning, Your Honor. You may recall
10 me from the other day. My name is Lawrence Heller.

11 THE COURT: Yes. I remember you.

12 MR. HELLER: You'll recall that I represented an
13 employee of Author Services Incorporated which was Mr. Lyman
14 Spurlock.

15 I am here representing Author Services Incorporated
16 itself.

17 My understanding is that Mr. Schomer served as
18 a former employee and, in fact, was in a position where he
19 had access to confidential financial information.

20 Mr. Schomer, not only upon inception into the
21 organization, but upon his termination, at the time he left,
22 signed a contract in which he obligated himself not to
23 disclose this confidential financial information.

24 The law which I have taken the liberty of briefing
25 for Your Honor, and which I have some Xerox copies of here
26 is very clear that in the absence of a contract and, again,
27 with the California Labor Code, any information which
28 Mr. Schomer or any other employee acquires within the course

1 and scope of his employment which is deemed to be confidential
2 and due to the contract that was signed and the nature of
3 this information, there is no question that it is
4 confidential and should not be disclosed to any member of
5 the public. And there is specific California case law which
6 interprets the Labor Code which is section 2860 which
7 says that signing such a contract of confidentiality is
8 tantamount to admitting to an injunction before the court
9 preventing disclosure of this confidential information.

10 2860 says literally, everything which an
11 employee acquires by virtue of his employment except the
12 compensation which is due him from the employer belongs to
13 the employer whether acquired lawfully or unlawfully or
14 during or after the expiration of the term of his
15 employment.

16 There are a variety of appellate and California
17 Supreme Court cases that interpret this to say that this
18 information may in fact not be disclosed under any
19 circumstances.

20 I understand that Mr. Schomer has also taken
21 financial written documentation from his employer unknowing
22 to his employer and has shown that documentation perhaps to
23 Mr. Flynn.

24 MR. FLYNN: Definitely not to Mr. Flynn.

25 MR. HELLER: Your Honor, I may be wrong on that, but
26 he has financial documentation; this is what I understand
27 from conversations which I have had with people who he saw
28 and who stayed as house guests at his house after termination

1 of his employment.

2 I also have sworn affidavits that Mr. Schomer,
3 speaking with these people, said for \$200,000 he would not
4 testify in this case.

5 I have these people here as witnesses. And the
6 Court can examine those witnesses.

7 This is information which under any circumstances
8 should not be disclosed. And I believe this is particularly
9 true because my understanding is that Mr. Schomer began his
10 employment with Author Services Incorporated sometime in
11 mid-1982.

12 Since Your Honor knows at one time I was an
13 attorney of record very early on in this case, my remembrance
14 is that Mr. Armstrong's involvement in this terminated
15 sometime in mid-1982.

16 I would suggest that Mr. Schomer, this witness,
17 is being utilized for purposes of disclosing financial
18 information to the public which is clearly confidential
19 information which has no relevance to this case.

20 Mr. Harris and Mr. Litt may have more to say
21 about this.

22 My function here today is to prevent disclosure
23 of this financial information based on California State Law.

24 I have taken the liberty of Xeroxing, as I said,
25 a variety of State, Supreme Court, and Appellate Court cases
26 which very clearly say that this information may not be
27 disclosed. And I make this motion at this time that
28 Mr. Schomer not be allowed to testify as to any financial

1 information.

2 My understanding is that that is all he is here
3 to testify to, relating to my client Author Services
4 Incorporated.

5 MR. FLYNN: I would like to be heard, Your Honor.

6 THE COURT: Certainly.

7 You might as well have a seat, Mr. Schomer.

8 MR. FLYNN: Your Honor, first of all, with regard to
9 relevance, Mr. Schomer has extremely important testimony with
10 regard to relevance, not only on issues that the plaintiff
11 and intervenor raised through Mr. Lyman Spurlock and through
12 Terri Gamboa with regard to security checks, culling of
13 PC files, the activities of the organization after they
14 claimed that 1,100 criminals from the Guardian's Office were
15 removed.

16 Mr. Schomer's testimony will specifically show
17 a pattern of conduct from the moment he joined the
18 organization as he gradually became aware of the conduct of
19 the organization right up until the time he left in September
20 of 1982.

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1 And that that pattern of conduct, which is an
2 important issue in this case, never changed. The pattern of
3 conduct relates to security checks. Mr. Schomer went through
4 a ten-hour check in which Miss Gamboa, contrary to her
5 testimony, was present for virtually the entire ten hours he
6 was spit on.

7 THE COURT: I don't think that is really -- this
8 lawyer is not objecting to that.

9 MR. HELLER: No, I have no objection to anything except
10 the disclosing of financial information.

11 If Mr. Flynn is making representation that
12 he is not going to question him on financial information,
13 I don't think I have the right to object to any relevant
14 testimony.

15 MR. FLYNN: I will direct my remarks, Your Honor, to
16 financial information.

17 As I see it, the current state of the record
18 in this case with regard to L. Ron Hubbard's control of
19 financial affairs and with regard to one of the more
20 fundamental issues in the case; namely, who Gerald Armstrong
21 worked for relates to the overall control patterns
22 exercised by L. Ron Hubbard right from the inception of the
23 Hubbard Exploration Company, through OTS, OTC, RRF, and with
24 the creation of Author Services, Inc.

25 The testimony will be that all of the identical
26 conduct that took place throughout those years is now taking
27 place in Author Services, Inc. and that nothing has ever
28 changed with regard to the control patterns.

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1 Perhaps the most salient item of evidence is
2 that for, as Your Honor has heard, for a period of 13
3 years Scientologists throughout the world, like Gerald Armstrong
4 and thousands of others who paid millions of dollars to
5 this organization, believed the representations that
6 L. Ron Hubbard was not receiving any money from the
7 Church of Scientology organizations.

8 The testimony that Mr. Schomer has is
9 direct testimony relating to that fraud, relating to the
10 transfer, in a six month period he was involved, of
11 \$30 million of church funds with retroactive billings to
12 church organizations into L. Ron Hubbard's account.

13 That testimony is directly contrary to the
14 years of representations that Mr. Hubbard made to the
15 organization, including two people like Gerald Armstrong.

16 The court is confronted with a very significant
17 situation here. If the court rules in favor of this
18 confidentiality agreement so as to preclude this testimony
19 in the face of what I submit to the court is a rather
20 massive fraud perpetrated by L. Ron Hubbard, not only as
21 revealed in the documents but with regard to the financial
22 operations and machinations of this organization and his
23 control over them, then in a court of law every criminal on
24 the street, every organization could simply have someone
25 write up a confidentiality agreement, and the confidentiality
26 agreement would prevent someone from coming to court and
27 testifying.

28 The cases that Mr. Heller refers to are for the

1 most part trade secret cases. They have to do with customer
2 lists and trade secret information which a competitor of
3 the customer is trying to obtain possession of. What
4 Mr. Schomer is going to do is testify in a court of law with
5 regard to information that he possesses.

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1 He is not out seeking to sell the information
2 to a competitor, even if the information could be
3 construed to be a customer list.

4 I also have numerous cases which I have Xeroxed,
5 some of which I gave to the Court at the beginning of the
6 case, particularly the Allen v. Jordanos, Brown v. Freese,
7 Williamson v. Superior Court which was specifically an effort
8 to conceal evidence during the middle of a proceeding. And
9 the court ruled that should we allow that happen, no testimony
10 could ever be adduced, if you simply allowed an agreement
11 to be entered into saying the information was confidential.
12 And there are several other cases which say you could never
13 enter into a contract which seeks to conceal or suppress
14 information which is either a violation of a law or is even
15 discreditable information. In fact, the Restatement of
16 Contracts, which is cited in the Allen v. Jordanos case, the
17 Brown v. Freese case, specifically says that a contract
18 provision to conceal discreditable information is void as
19 a matter of law; those are both California cases. And I had
20 previously given a copy to the Court and I would be happy
21 to give another copy to the Court.

22 This Court has heard six weeks of testimony with
23 regard to -- including just recently from Kima Douglas --
24 huge cash transactions involving an allegedly nonprofit
25 organization in which society puts its public trust that these
26 funds are being used for charitable purposes.

27 In addition to the fact that Scientologists
28 relied upon written representations for some 15 years that

1 L. Ron Hubbard wasn't receiving these funds.

2 Mr. Schomer has very direct testimony about the
3 transfers of \$30 million to Mr. Hubbard directly from Church
4 funds.

5 I submit to the Court that if it allows a
6 confidential to be used in court to prevent testimony of this
7 nature from coming in it would be assisting every organization
8 to go out and engage in this type of conduct and simply sign
9 a confidential agreement so no evidence could come in to
10 prove the type of conduct that was engaged in.

11 For all of those reasons, Your Honor, I submit
12 that this testimony of extreme significance in this
13 proceeding.

14 And the contract that Mr. Heller is referring
15 to, which I have read, is as worthless as the pieces of paper
16 that all of these Scientologists were required to sign before
17 they were allowed to leave, these nondisclosure and release
18 bonds; in fact, when Mr. Schomer testifies about the
19 circumstances under which he signed these documents, he did
20 it under duress, under threat, being spit in his face,
21 being locked in and incarcerated in a room with Gordon
22 Cook --

23 MR. HELLER: Are we talking about whether he can testify
24 or not, Your Honor?

25 THE COURT: He is talking; you let him finish.

26 MR. FLYNN: So one of the cases, for example, I have
27 with regard to a confidential agreement relates to whether
28 or not it was an arm's length transaction.

1 As Mr. Schomer will testify, there was absolutely
2 no arm's length negotiations between Mr. Schomer and the
3 Author Services Inc. when he was ordered to sign these
4 documents.

5 For that reason alone, the contract provision
6 regarding nondisclosure is inapplicable.

7 MR. HELLER: To begin with, Mr. Flynn must be
8 somewhat clairvoyant. He knows what they stand for and that
9 they deal with trade secrets. It is five cases, including
10 an ALR citation which have nothing to do with trade secrets.

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1 They deal strictly with confidential
2 information. Labor Code 2860 and its annotations make no
3 mention whatsoever of trade secrets and we know that trade
4 secrets and customer lists are entirely different areas.
5 As I have said I have these. I am happy to cite them in the
6 record, if Your Honor please, if he wants me to.

7 THE COURT: Are these California cases?

8 MR. HELLER: These are California cases. I began
9 with Labor Code Section 2860.

10 THE COURT: All right, give me your cases.

11 MR. HELLER: First case I have is King v. Pacific
12 Vitamin Corporation, 256 Cal.Ap. 2d. 841, and I ask that
13 Your Honor look specifically to headnote 4 of that case as
14 well as the body of the case which deals with headnote 4
15 which talks about confidential information.

16 I also have the case of Greenly v. Cooper,
17 77 Cal.Ap.3d. 382. This again deals with confidential
18 information, makes no mention of trade secrets.

19 I further have the case of Ernst & Ernst v.
20 Carlson, 247 Cal.Ap.2d, 125.

21 I also have an ALR citation.

22 THE COURT: Well don't bother giving me that because
23 I don't have any ALR.

24 MR. HELLER: Those are the three cases that I have
25 which I found just yesterday evening, Your Honor.

26 THE COURT: What were your cases again, Mr. Flynn? I
27 have already got them back there somewhere.

28 MR. FLYNN: Allen vs. Jordanos, which is 52 Cal.Ap.3d --

1 I am sorry, 125 Cal Reporter at 31.

2 THE COURT: I don't have Cal Reporter.

3 MR. FLYNN: There is a Cal.Ap. cite on this, too.
4 That is 52 Cal.Ap. 3d, at 160.

5 Brown v. Freese, which is at 28 Cal.Ap.2d,
6 608; Williamson v. Superior Court, which is 148 Cal Reporter
7 39.

8 THE COURT: I don't have Cal Reporter.

9 MR. FLYNN: I will give you the copy of the case,
10 Your Honor.

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32-1 1 THE COURT: Okay.

2 MR. FLYNN: I have got several others. I'll give the
3 clerk the copies of the cases. They are amongst my papers
4 here.

5 MR. HELLER: As well, Your Honor, Mr. Flynn says the
6 contract which was signed was signed as a condition of,
7 I suppose, Mr. Schomer's leaving or terminating his employment
8 with Author Services Incorporated.

9 The contract was signed on August 23rd, 1982.
10 And I understand Mr. Schomer worked for quite some time for
11 Author Services after this point in time. I think he was
12 assigned within a couple of months after the inception of
13 his employment.

14 I have the original of that which I am happy to
15 show you. I would like to present this to the Court.

16 THE COURT: We'll recess until 1:30.

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1 MR. HARRIS: Only on behalf of the church, Your
2 Honor, just to indicate that whatever happened in 1982 insofar
3 as financial transactions of L. Ron Hubbard, should not
4 have -- was not a part of the defense in this case, so the
5 court should consider 352 and relevant considerations. He
6 had already left, December '81.

7 MR. FLYNN: Mr. Schomer will testify that the personal
8 office of L. Ron Hubbard became Author Services, Inc. and
9 will testify --

10 MR. HARRIS: Anything before --

11 THE COURT: Let's not get exercised. Let's take a
12 recess until 1:30.

13 (At 12:00 noon a recess was taken until
14 1:30 p.m. of the same day.)

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1 LOS ANGELES, CALIFORNIA; TUESDAY, JUNE 5, 1984; 1:32 P.M.

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4 THE COURT: All right. We are back in session.

5 Counsel are present.

6 Well I have reviewed the authorities and I was
7 somewhat nonplussed to think that there might be some
8 statute that would preclude the evidence that was either
9 fraudulent or a crime to be suppressed. So I think I better
10 look at these matters a little more carefully, and the cases
11 all cited by counsel for the Author Services deal with
12 trade secrets, matters which would be legal to possess by
13 an employer, and that obviously gets into the area of unfair
14 competition, generally matters of that nature.

15 Obviously it seems to me that if an employee
16 had knowledge of fraudulent activity or criminal activity,
17 conduct which was a fraud upon creditors or a fraud upon
18 shareholders or clients of a particular business, the law
19 couldn't countenance or tolerate that type of a statute
20 precluding the testimony of certainly any concept of
21 justice would permit that type of a balancing.

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1 The problem I still have, though, is really one
2 of relevance; assuming that all of us say that -- I believe
3 I am having a little trouble seeing the relevancy of it,
4 Mr. Flynn.

5 Mr. Armstrong left in '81. We are talking about
6 who was the employee, who was his employer; what they did
7 afterwards, of course, is interesting, but it still doesn't
8 seem to me to be particularly relevant.

9 There might be some other forum that that might
10 be appropriate to get into.

11 Maybe you can explain to me more carefully what
12 the theory of relevance is.

13 MR. FLYNN: There are several issues, Your Honor, the
14 credibility of several of the witnesses.

15 THE COURT: Well, I don't have any problem about what
16 you want to present about the circumstances under which he
17 left the organization or whatever he was subjected to in the
18 way of security check, confessional, certainly all of that
19 would be relevant to credibility and various people have
20 testified and so forth.

21 But the financial situation after Mr. Armstrong
22 left, the fact that money may have gone to Mr. Hubbard and
23 may have gone legally, I don't know that there was necessarily
24 a fraud on anybody. I would think if it was fraudulent,
25 maybe the Internal Revenue agents or the state government
26 would be interested. But I don't know that that really
27 relates to any of the issues before us.

28 MR. FLYNN: The fraud relates to the representations

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1 to the public and to Scientologists that Mr. Hubbard was not
2 receiving any funds from Church organizations.

3 THE COURT: But we are trying here the Church against
4 your client, not whether he misused or converted these
5 documents, breached trust, so forth.

6 I'll sustain an objection on relevancy grounds
7 as to the evidence.

8 I'll certainly overrule Author Services'
9 objections. I think that is totally off base.

10 MR. FLYNN: Call Mr. Schomer, please.

11 I would raise one other argument, Your Honor;
12 that is, the argument of Mr. Flinn, the religious expert and
13 the record that he created with regard to his conclusions
14 as to the religious nature of the organization and the
15 position of Mr. Hubbard as a religious leader and with regard
16 to the conclusion that based on his research and analysis,
17 even though he admitted that if the Pope stole Church funds,
18 it would not be sanctioned under either ecclesiastical or
19 civil law.

20 He did create somewhat of a record with regard
21 to his view that the hierarchical structure of the Church
22 of Scientology was akin to the hierarchical structure of the
23 Roman Catholic Church.

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1 And on that basis he arrived at all kinds
2 of conclusions, most of which I thought were somewhat --

3 **THE COURT:** Well, there is nothing that says that you
4 can't have a religious organization that operates to
5 endow the founder with millions of dollars. If it weren't
6 for tax laws which sometimes create artificial concepts,
7 certainly there can be no consideration in that regard.

8 At the same time, it may be that in some
9 other forum this evidence is relevant, but I don't see
10 it is terribly relevant here. What Dr. Flinn said about that
11 I don't think changes whether or not it would be a religion.

12 Obviously, Francis of Assisi, I thought that
13 was rather unusual comparing him to Francis of Assisi's
14 vow of poverty. We know that Mr. Hubbard doesn't believe in
15 poverty for himself. That's been demonstrated by testimony
16 here.

17 At any rate, let's proceed.

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19 **HOWARD D. SCHOMER,**
20 called as a witness on behalf of the defense in surrebuttal,
21 was sworn and testified as follows:

22 **THE CLERK:** Be seated on the witness stand. Please
23 state your name and spell your last name.

24 **THE WITNESS:** Howard D. Schomer, S-c-h-o-m-e-r.
25 Within the church I was more commonly known as Homer Schomer,
26 which is really an aka.

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DIRECT EXAMINATION

1
2 BY MR. FLYNN:

3 Q When did you first become involved with the
4 Church of Scientology, Mr. Schomer?

5 A First time I knew about it, I went to a lecture,
6 was around May of 1968.

7 Q And when did you leave?

8 A I left around the 23rd of December, 1982.

9 Q And when you left, who were you employed by?

10 A Author Services Incorporated.

11 Q And when did you begin employment with
12 Author Services Incorporated?

13 A In late March of 1982.

14 Q Now prior to that time that you held a post
15 in the Sea Organization?

16 A I had numerous posts that I held. I joined
17 the Sea Org around the beginning of September 1970, and from
18 that time forward until I went to Author Services in late
19 March of '82, there were many posts that I held.

20 Q And what were some of the posts?

21 A I was the ethics officer at AS HO for a good
22 number of months. I was the Org officer of AS HO foundation
23 for a number of months. I was the Cope Officer in HCO and
24 Flag when it was over in the Mediterranean.

25 I was the external communications for a year
26 or so.

27 I was on Flag at Clearwater. I was the
28 director RAM, R-A-M, Records, Assets and Materiel for five

1 years when the ship came or people left the ship and moved
2 to Clearwater.

3 Q Now on board the ship were you aware of the
4 conditions of the RPF?

5 A Yes, I was because I was assigned to the RPF.

6 Q And what were the conditions in the RPF
7 on board the ship?

8 A Well, as far as I was concerned, they were
9 unbearable. My freedom was denied me. I couldn't talk to
10 members of the crew.

11 We lived in substandard berthing. The food
12 we ate was leftovers. Of course we had -- there wasn't
13 such as thing as time off. We were limited to seven hours a
14 night sleep.

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1 Q What were the physical conditions of the area
2 that you were required to stay in?

3 A Filthy and, actually, we were for a time berthed
4 in an area which was called lower hold No. 1 of the ship which
5 was used for storage. And it had like an auxiliary part of
6 an anchor chain that it used the anchor and boxes. There
7 were cockroaches and excess rust and so forth.

8 Q And were there mattresses on the floor and were
9 they filthy?

10 A There were mattresses -- I think they were going
11 to be thrown out. And then with the concept of the RPF, they
12 kept them. And these were used for the RPF to sleep on.

13 Q During that period of time did you observe
14 Mr. Hubbard managing Scientology organizations throughout
15 the world?

16 A There was never a time that I was on the ship
17 that I did not see him managing Scientology organizations.

18 There wasn't anything on the ship that went on
19 from personnel assignments, the choosing -- the accepting
20 of the meal menus -- when I worked in the Programs Bureau,
21 all evaluations for the Scientology Orgs throughout the world
22 which were being managed by the Management Org aboard the
23 ship, all the evaluations had to go up through him for
24 signature.

25 Any missions, which there were a multitude of
26 missions, that would go out weekly to various Orgs throughout
27 the world were all approved by him.

28 All finances were approved by him. There wasn't

1 anything that really was not approved by him and wasn't seen
2 by him including his research.

3 You know, maybe there was a new process, auditing
4 process, that he was developing and so forth.

5 I mean this was one thing I admired because he
6 was capable of doing so many different things. And he never
7 relinquished control over anything.

8 It is like everything that went on, he did or
9 had his finger in.

10 Q Now, did you observe irrational and abusive
11 behavior on board the ship by Mr. Hubbard?

12 A Several times, I did.

13 Q And did he swear and curse at, for instance,
14 young girls?

15 A Very abusive language. I can remember one time
16 on the bridge --

17 Q What type of language?

18 THE COURT: What is the relevancy of his language,
19 counsel?

20 THE WITNESS: It would be of the worse kind.

21 THE COURT: I'll strike it. I think it is irrelevant.

22 Q BY MR. FLYNN: Going up to 1982 did you see some
23 photographs in the possession of Terri Gamboa?

24 A Yes. I remember seeing an album that had wedding
25 photographs of Gerry Armstrong and at that time Terri
26 Armstrong. They were in a binder.

27 And that -- I think -- that afternoon when I left
28 I saw Terri -- not Terri -- Gerry Armstrong's wife Jocelyn,

1 Omar Garrison and his wife, going into the CMO building where
2 I was working.

3 And then several weeks later in Terri Gamboa and
4 David Miscavige's office I saw some other photographs that
5 were LRH when he was New York off the ship.

6 Q And are you certain that you saw these other
7 photographs in Terri Gamboa's office after you saw Gerald
8 Armstrong visit the CMO building?

9 A No doubt about it. There were two sets of
10 photographs. One was the album which was Gerry's wedding,
11 Gerry and Terri's wedding aboard the ship.

12 The others were loose photos; in fact, Terri had
13 even mentioned to people that were there and myself that
14 were looking at them, that these were the ones she had gotten
15 from Gerry Armstrong.

16 Q Let me show you what has been marked as
17 exhibit DDD; do you recognize that, Mr. Schomer?

18 A Yes. This is one of the photographs that I saw
19 on Terri's desk.

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1 Q And --

2 A I was sort of horrified because LRH didn't
3 exactly look very presentable. It wasn't really an image-type
4 photograph that I am sure he would ever approve being seen
5 by public or basically anyone. I don't know if he ever
6 would even have knowledge that those were taken.

7 Q All right. Did you any conversation with
8 Terri Gamboa as to who owned these photographs?

9 A Well in the course of the conversation with
10 myself and other people in the room, it was mentioned that
11 these photographs had been gotten from Gerry Armstrong.

12 Q And was Kina Douglas' name mentioned?

13 A No.

14 Q Was James Dincalci's name mentioned?

15 A Well in the light because James Dincalci was
16 with LRH when he was off the ship when these photographs were
17 taken. That I knew because I was on the ship around that
18 period of time when he left or came back to the ship, around
19 just after he left, and I knew that Jim Dincalci and another
20 fellow had gone with him or were with him.

21 Q All right. Now, when you went to work for
22 Author Services, Inc., was that at the inception of that
23 business or of that corporation?

24 A Well when I started, oh, yes. Just coming
25 into being. Whether or not it was incorporated at that time,
26 I am not really sure. We didn't call it Author Services
27 when I first got there.

28 I think one reason was a possible -- I don't

1 know if it was a possible inurement thing or not, but I
2 was legally start part of the church and I was actually
3 working for Author Services because I had never really been
4 released from the church which later on I received a
5 document from WDC telling me that I was, you know, on leave
6 and no longer part of the church.

7 But I think we were calling ourselves R Accounts
8 which was sort of the old name for the section of the LRH
9 Pers PRO office, that part of the Org or division that was
10 set up to take care of LRH's accounts and there was Pers PRO
11 at the time that would handle his public relations.

12 Q All right. What was your post just prior to
13 going to work for Author Services, Inc.?

14 A I was the Director of Records, Assets and
15 Materiel at the Flag land base in Clearwater.

16 Q And then you were flown to California and you
17 started work for ASI?

18 A No, I drove to California because I brought
19 all my possessions with me.

20 Q All right. Now at ASI who were the other
21 individuals that you were working with who worked for ASI?

22 A Terri Gamboa was the executive director.
23 Norman Sarky, I don't know if he was actually called as
24 part of ASI or whatever we called it at that time, R Accounts,
25 but he was handling the legal thing along with Lyman Spurlock.

26 There was a Ron Pook who was there. I think
27 he was sort of looking for some buildings at the time for us
28 to move into. I am not sure if -- I think Becky Pook at

1 the time. That was her name. She later married Doug Hay,
2 so she became Becky Hay. She now works for Author Services.
3 She was there, but I don't think she was part of Author
4 Services. She was part of the Special Unit at the time.

5 There was Pat Brice who was LRH Pers Sec.
6 There was Julia Watson who I am not sure what her exact
7 post was. There was Fran Harris. Her basic title was
8 R Accounts at the time, but she was sort of over the money
9 area and the books area; her husband Fred Harris.

10 Jim Isaacson. Joyce Isaacson was the Org
11 officer. Richard Tinklenberg, who was the treasury secretary
12 when I got there, and, first, there was David Muscavige who
13 was -- sort of ran the whole show, but he was sort of back
14 and forth between CMO Int because he was running CMO Int
15 at the time and Author Services or R Accounts.

16 Q When you say running CMO Int, was that the
17 organization to your knowledge that was running the Church
18 of Scientology?

19 A Supposedly running the Church of Scientology.
20 I later found out that they were not really; figureheads,
21 but they received their orders from David Muscavige who
22 received his orders from Pat and Annie Broeker, who received
23 their orders from LRH.

24 Q Now some of these individuals, did you become
25 familiar with a corporation called Religious Technology
26 Center?

27 A It was just coming into being as I left
28 Author Services.

1 Q Did you ever see the Articles of Incorporation
2 of Religious Technology Center?

3 A No.

4 Q Do you have any understanding as to who
5 incorporated it?

6 MR. HARRIS: Well, if he didn't see the papers,
7 Your Honor, it would clearly be hearsay.

8 THE COURT: I will sustain the objection.
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1 Q What did you do for Author Services Inc.?

2 A When I started I was a deputy treasury secretary
3 under Dick Tinklenberg.

4 I was brought there because of the fact that they
5 were having so many flaps in the treasury lines and so
6 forth.

7 Three weeks later I was promoted to treasury
8 secretary and Richard Tinklenberg was demoted to deputy
9 treasury secretary. And that is the post I had until
10 leaving.

11 Q And just basically what were your duties?

12 A Well, I was responsible for any financial
13 transactions going on in the organization. It was sort of
14 like -- I was supposed to have the -- all the knowledge of
15 everything that went on. But, of course, a lot of things
16 weren't told to me or things that I would try to find out,
17 people didn't have time to continually brief me on which would
18 like include all of his investments and so forth.

19 But basically, handling all of his bank accounts,
20 handling his audits.

21 When I say "his," it would be LRH's; plus a
22 separate entity called Author Services which was the
23 corporation set up to manage his affairs.

24 Q All right. Now, just yes or no, throughout the
25 years you were involved in the Church of Scientology was it
26 also your understanding that L. Ron Hubbard had never received
27 any monies from the Church of Scientology?

28 A Never as far as I knew it.

1 There were many policy letters, many documents
2 or promotional pieces that were always -- that always had,
3 I could say, as a shore story, but by using the words "shore
4 story," because it sort of degrades a little bit because a
5 shore story was usually something told to fool someone or
6 to camouflage something. Because when we were on the ship,
7 we used to use various shore stories because we didn't want
8 it to be known that we were Scientologists.

9 Q So the answer is that you always understood that
10 LRH was not receiving any Scientology monies from Scientology
11 organizations; is that correct?

12 A Right.

13 Q And, just yes or no, when you got to ASI did you
14 find that to be completely false?

15 MR. HARRIS: I object to that, Your Honor.

16 THE COURT: Overruled.

17 THE WITNESS: Yes, I did.

18 Q BY MR. FLYNN: Now, at some point in time did
19 you tell the people at ASI that you wanted to leave?

20 A I don't know if I came right out and said I want
21 to leave it was just like I didn't want to be on the post
22 that I was on, the job that I was doing.

23 I was very unhappy, you know. And I didn't like
24 the working conditions. And I sort of expressed that. I
25 continually was asking for help, for, you know, I needed
26 to get some help. I couldn't do it, you know. There is
27 something wrong. I just, you know, can't hack it, can't hack
28 what is going on.

1 Q And, incidentally, what were your wages at ASI?

2 A I think we had a base salary of \$160 which we
3 actually got clear something like \$121 after taxes which was
4 to be used to pay for -- well, \$20 was to go to our rent of
5 living at the Complex which was the Scientology Complex.

6 If we ate our meals there we had to pay \$1.75
7 per meal. It was used for any medical that we made need,
8 any clothing that you had to buy, any pressing or cleaning
9 of our suits or for our general, you know, anything else that
10 we needed.

11 Q The money was taken for those items out of your
12 wages?

13 A No. We were given a check for \$121 and, you know,
14 some cents. And we were just obligated to either -- you know,
15 if we got sick, we were obligated to save enough money out
16 of that particular portion of it to be used for future dental
17 or, you know, medical needs or vitamins, whatever. And we
18 were obligated to, you know, give \$20 a week over to the
19 organization at the Complex.

20 Q Was that, to your understanding, the minimum wage
21 at the time?

22 A I really didn't think of it at the time. It
23 couldn't -- if I figured how many hours I worked, which was
24 probably 80 to 100 hours a week, I'm sure it didn't equal
25 the minimum wage which I know to be \$3.35 or something
26 today.

27 Q All right. Now, at some point in time you were
28 ordered into a security check; is that correct?

1 A I had several.

2 Q How many did you have while you were at ASI?

3 A Two prior to leaving and one as I -- when I
4 wasn't at ASI. I had been removed from post and I had it
5 over at the Complex.

6 Q The two you had at ASI, what happened in those?

7 A Well, the first one was actually out at CMO Int
8 which was at Gilman Hot Springs. They were suspecting that
9 something was going, you know, awry with me, my post
10 functions.

11 I was not a stellar person on post and I wasn't
12 performing the way David Miscavige thought I should perform.

13 And I was awoken up in the middle of the night,
14 like 4 o'clock in the morning one Sunday morning and taken
15 into a Sec Check with three people, with Jesse Prince, who
16 was the auditor for awhile, Terri Gamboa, and Doug Hay.

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1 After a while Jesse had to leave and Terri
2 became the auditor and Doug Hay were there, of which they
3 kept falling asleep on me. Both of them were sitting across
4 from me, not there, just completely asleep, and I'd have to
5 knock on my desk or go (indicating) make noises to wake them
6 up.

7 Of course, they were trying to find out what
8 was going on, you know, why was I committing these overts
9 on post, an overt being even failure to do your job as an
10 overt of omission because you are omitting not to do your
11 stellar-type job.

12 Of course, I was flabbergasted in the sense,
13 first of all I was being the term that later came into
14 being, the term gang banged sec checked because there was
15 more than one person. Nothing in policy, but then to have
16 my auditor fall asleep on me.

17 That was nothing compared to the sec check that
18 happened around the 30th of October, around 10 o'clock at
19 night at ASI at 6464 Sunset Boulevard.

20 Q This was on the premises of ASI?

21 A Yes, in the offices of ASI.

22 Q And this was a for profit corporation under
23 California law to your understanding?

24 A That is correct. I think I was even an officer
25 because I had signed some documents with no date on it so that
26 if I was ever removed from post, they could, in turn, put
27 a date on it or if anything ever happened, which was a
28 common church policy which I observed even in Clearwater

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1 many times.

2 Q What happened in this October security check?

3 A Well, certain events happened prior to that.
4 There was a large gold deal that was suspect of going sour,
5 a few hundred thousand dollars which I had no knowledge of,
6 which all of a sudden Doug Hay, who was my senior who was
7 responsible, tells the DM, which was David Miscavige, and he
8 just blew, was just -- he went psychotic.

9 Prior to that he supposedly found out that I
10 had used a girl by the name of Ellen Reynolds to do some
11 audits on LRH's accounts to bring them up to date give
12 enough data to the accountant that was used by LRH,
13 Marty Greenburg, so he could file his 1981 tax returns
14 which we had already gotten the maximum number of extensions.

15 Q Well, so --

16 A These two things together really turned DM
17 into a psycho again. I mean, it was like a common occurrence
18 as far as I was concerned because it is like he exhibited
19 this every time I was in the office.

20 Q And David Miscavige held what post in Author
21 Services, Inc.?

22 A Well, all reports that I wrote up to LRH
23 would go through him and Terri Gamboa, Terri being the ED
24 of ASI and David Miscavige COB, Chairman of the Board, or
25 I would say GM, one of the two. Sort of like it didn't really
26 make much difference. He was the top dog and there was no
27 doubt that he was running ASI and the church.

28 Q All right, now did Miscavige order you into a

1 security check?

2 A He immediately ordered me into a security check.
3 I was dragged into a room the size of this witness stand
4 which also had a table in it, and then Nan Starky was sitting
5 across from me with the door behind her which was open.
6 There was maybe about a foot of room on my left side.

7 All down the hallway the whole staff of ASI
8 were there, including Terri Gamboa, Norman Starky, Pat Brice,
9 Lyman Spurlock, David Miscavige, Fran Harris, Fred Harris,
10 Becky Hay.

11 Q How long did the security check last?

12 A Ten hours. It lasted from about 10 o'clock
13 in the evening to 8 o'clock in the morning. About 6 o'clock
14 in the morning the staff of ASI left because they had to go
15 out to CMO Int.

16 During this time I was just bombarded with
17 these questions asking who was I working for. Was I working
18 for the CIA? Was I a plant? Was I working for the FBI?
19 Where was all the money I stole. Where are all the jewels
20 I stole.

21 David Miscavige would sort of peek his head in
22 when he would be there for maybe a half hour and leave. He
23 would peek his head in and look at the meter and say, "Ah hah,
24 something read there. What crimes did you commit? What does
25 that mean?"

26 It was like an intimidating type thing.
27 He said, "I am going to fix you." Put a wad of tobacco
28 back in his mouth. Gave a bit to Norman, and he

1 was continually popping in and out. They were still
2 trying to find all these things I had done.

3 Then, after, somewhere between fifteen
4 minutes to a half hour, he came in and said, "This is the last
5 time. Tell the truth. Come clean."

6 Prior to that Norman Starky threatened me
7 that if I didn't come clean, the same thing that happened
8 to Eric Wallery and to Peter Gillam, who were church members
9 at Gilman Hot Springs, which was an intimidation because
10 they apparently had embezzled some money and stole some
11 silver, and they were threatened with -- in fact, it is
12 by Mr. Heller, I was told, at Lenske, Lenske & Heller because
13 he had connections in the D.A.'s office, that they were going
14 to make sure that I spent a good deal of time in jail and
15 he said, "Don't worry about the evidence. We will find people
16 that will testify against you, no matter what crimes we come
17 up with." Otherwise, they were essentially saying that they
18 were going to find witnesses to perjure themselves because
19 I knew I hadn't committed anything.

20 Anyway, then he came in at a later time and
21 spit in my face with tobacco juice during a sec check, which
22 is heresy, if you want to think of Hubbard as a god and his
23 technology, and then Norman did the same thing.

24 Q Norman Starky?

25 A Norman Starky did the same thing, and I had
26 sort of been good friends with Norman for a good number of
27 years. For a long time he was the captain of the yacht Apollo,
28 you know, and we always had a good relationship.

1 Q Now, was this security check to your knowledge
2 intended for you to get some spiritual gain, Mr. Schomer?

3 A Well, I was going to be facetious and say
4 maybe on some other planet, but it couldn't possibly have
5 been. There is nothing in policy to this day that I know of
6 that authorizes or condones a gang bang sec check of more
7 than one person. A sec check, even though they say they
8 can use the data against you for further action, there is
9 nothing in policy that says more than one person is there.
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1 Q All right. Now --

2 A And sit in your face is, you know, that is --
3 well, I have already said it. So --

4 Q Now, was Mrs. Gamboa present throughout most of
5 the security check?

6 A She was present through most of it and knew I
7 was there from 10 o'clock when they started until they left
8 to go to CMO Int to the rest of the staff at 6 o'clock in
9 the morning.

10 So her testimony that it only lasted an hour was
11 BS, completely fabricated.

12 Q And Mr. Spurlock, was he there through most of
13 it?

14 A I just saw him once or twice. He never actually
15 came close to me and fired questions like the rest of the
16 staff were doing and told to do and blaming me for possibly,
17 you know, our gross income to LRH being down and, you know,
18 that possible loss of bonuses that was going to be lost that
19 was money out of their pockets because of bonuses that they
20 wouldn't make.

21 Q Were you familiar with a situation in which
22 James Isaacson under power of attorney for LRH had lost some
23 money in an investment?

24 A Yes.

25 Q And did L. Ron Hubbard that several hundred
26 thousand dollar loss in the investments be billed to Jim
27 Isaacson?

28 A Yes. I saw the documents.

1 MR. HARRIS: What is the relevance?

2 I move to strike it, Your Honor.

3 THE COURT: What is the relevance, counsel?

4 MR. FLYNN: Control, Your Honor. These people all were
5 supposedly working for an organization called ASI; at the
6 same time they were running the Church of Scientology. And
7 here is the client of the corporation ASI billing one of the
8 employees for lost investments.

9 THE COURT: When did this purportedly happen? Was this
10 after you were at ASI?

11 THE WITNESS: Yes. This was during the time I was at
12 ASI.

13 THE COURT: I'll let the answer stand.

14 Q BY MR. FLYNN: During the period of time --
15 after the security check were you locked up?

16 A Yes. I was locked up under guard for the next
17 two days.

18 Q Who was the guard?

19 A It was actually an auditor. His name slips my
20 mind right now. I probably have it in my briefcase that I
21 wrote it down. But I am not sure.

22 But he really didn't have any knowledge of why
23 he was guarding me. But he was --

24 Q At some point in time did you manage to leave?

25 A Yes. On Sunday morning, he -- while I was in
26 the shower he said he was going down to change clothes because
27 he thought he was guarding me for some spiritual reason,
28 so I could get some good rest to further my spiritual release

1 through auditing.

2 Q Did he tell you that?

3 A Yes, he did.

4 Q All right.

5 A And the minute he told me that and I heard the
6 door slam, I got out of the shower; got dressed and got the
7 hell out of there.

8 Q Where did you go?

9 A I went to a friend of mine's house, Olivia
10 Washours.

11 Q Had you left all your belongings behind?

12 A Left with the clothes on my back.

13 Q At some time did you return to get your
14 belongings?

15 A Well, I called up Nan Starkey, who was the
16 organization officer, and actually the only one that would
17 be around because everybody else had gone around to Gilman
18 Hot Springs; I reached her at ASI and told her I was not
19 blowing per se; I had just had to go out and get some
20 exteriorization because I was in fear of what had to happen,
21 what was going to happen to me. I had to think things over.

22 She immediately started attacking me and told
23 me that all of CMO was out looking for me; I should get my
24 ass back immediately.

25 I said, "Wait a minute."

26 She kept spouting out at me.

27 I said, "I'll be back sometime later."

28 Q What was your fear, Mr. Schomer?

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1 A I was in fear of my life, knowing I had been Sec
2 Checked for 10 hours, not allowed to get up to go to the
3 bathroom; not allowed to sleep; not allowed to have a drink
4 of water; not allowed anything, just questions firing at me.

5 You tell me what I'm supposed to have done, and
6 I'll tell you if I did it or not.


7 And they wouldn't allow me that type of a thing.
8 I didn't know what they would do. And, you know, knowing
9 of things like I had mentioned about, well, the threat that
10 Norman Starky made to me about he was going to put me in jail
11 and they were going to throw the key away and have these
12 witnesses say what I supposedly did, to be convicted or
13 whatever, I mean, there are many, many things including me
14 being assassinated or wiped out, you know, that entered my
15 mind.

16 Q All right.

17 Now, were you fearful that they would come and
18 get you if you didn't come back?

19 A I knew if they knew where I was at the time they
20 would come and get me.

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1 Q Then what happened?

2 A I was -- when I hung up the phone, I was
3 sort of trembling and I didn't really know what I was
4 going to do, and then I decided that I was going to go --
5 I was going to flee the city for a while, and I made
6 reservations to go down to Miami to stay with my brother,
7 and I called my brother up and I said I was coming in that
8 evening and that I'd be down to see him.

9 Q And then what happened after that?

10 A Then I went for a ride with Olivia. Went
11 down to the beach. I was just trying to destimulate a
12 little a bit, and we were riding around in my car and on the
13 way back my car broke down and the fuel pump was broken.

14 Q Well at some point --

15 A I parked my car and that evening she took me
16 to the airport or, no, she didn't take me. Another gal that
17 was visiting came to visit her took me to the airport, and
18 I fled to Miami.

19 Q Now at some point did you return?

20 A Yes, I did.

21 Q And when did you return?

22 A I returned 10 days later.

23 Q And for what purpose did you return?

24 A Well, because Terri Gamboa -- well, my
25 daughter, who is still in the CMO in Scientology to this
26 date, called me up and asked me what was happening because
27 I had told her I was leaving, and she called me up and told
28 me I should come back.

1 Then, Terri Gamboa got on the phone and told
2 me that I should come back immediately, and I told her well
3 I'd think about it. But I had planned on coming back seven
4 days later.

5 Q Terri Gamboa was with your daughter when this
6 took place?

7 A Yes.

8 Q Did you get concerned for the security of your
9 daughter?

10 A Oh, yeah. I really didn't know what was going
11 on. My daughter, who was actually working as a church
12 representative in ASI at the time to receive communications
13 between the church and ASI, and they had it worked out some
14 way so it wasn't sort of an inurement situation, but she
15 later was fired or kicked out of ASI for being a security
16 risk.

17 Q So you returned to ASI. Then what happened?

18 A I returned to ASI. I was under armed -- not
19 armed guard. I was put under guard, of which I stayed until
20 basically I left.

21 Q How long were you under guard?

22 A Well I left the 23rd of December, and this --
23 I came back around the 10th of November, telling them that
24 I had to be -- I had to be in Boulder because I had told
25 my sister I was going to be there for Thanksgiving. I was
26 in such fear of my life that I even told my sister who
27 happened to be coming down to visit my brother, who stayed
28 with my brother in Florida, that if I didn't call her every

1 other night that she should call the L.A. Police Department
2 and tell them that I was kidnapped and being held captive
3 in the Complex.

4 Q Now --

5 A Which they didn't know at all during the
6 time that I was -- I didn't use that as a threat to them
7 to stop them from holding me.

8 Q Now, throughout this period of time it was
9 your understanding that you were an employee of a for profit
10 corporation?

11 A Yes. ASI definitely was, right.

12 Q All right, now, just very briefly, was there
13 a communication link, a direct communication link to
14 Mary Sue Hubbard from ASI while you were there?

15 A Yes, many, every week.

16 Q And did an individual named Nevil Potter
17 bring her communications to you?

18 A Yes, any communication that might have to go
19 to LRH or -- would come from her via him and would be given
20 to Terri Gamboa or to DM. Usually Terri because DM wasn't
21 there all the time and anything that had to go to her went
22 via him back to Mary Sue, and I know this was -- I saw
23 various documents. I heard DM and Norman Starky and Terri
24 Gamboa talk very derogatorily about her, using very filthy
25 language, calling --

26 Q But there was a direct communication link?

27 A Yes.

28 Q Was there any commercial mail service involved?

1 A No commercial mail service.

2 Q Was there a direct communications link to
3 L. Ron Hubbard?

4 A Definitely was.

5 Q What was that?

6 A Well, every week we wrote our reports and we
7 even made a tape that went up to LRH of ASI staff meetings,
8 telling him -- every person would tell him of the winds and
9 the flaps for the week and the stats and so forth. We'd
10 be up all Thursday night writing reports to him which were
11 then critiqued by our seniors and DM and Terri, and then
12 later Pat Broeker out at CMO Int at Gilman Hot Springs.

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1 And then it would go to LRH; in fact, a routing
2 was not to LRH, but, of course, they always had the asterisk
3 which meant LRH. So that if anybody found it, it could never
4 really be proved that that was, you know, that it went to
5 him. But the asterisk was him. And anything that came back
6 from him, you know, had the asterisk down at the bottom of
7 the report.

8 But many times there were reports that I would
9 write that would come back and then his handwriting would
10 be at the top which is, you know, very distinguishable,
11 saying, you know, "Very well done," or writing two or three
12 lines or something in his handwriting, you know.

13 Q What were the actual circumstances whereby these
14 reports were collected and transmitted?

15 A The circumstances?

16 Q Right. And where did you go and what did you
17 do?

18 A Well, every week on Thursday after 2 o'clock,
19 which was the end of the Scientology stat period, we would
20 finish off our work week and write our reports.

21 One big thing that I had to do was I had this
22 transaction and balance sheet which concerned all of LRH's
23 assets and any monies that were received that week and what
24 bank accounts and so forth they went into; plus my weekly
25 report of what things that I had done during the week and
26 what project I was working on all went -- after I finished
27 writing them, then they would go to my senior. And I had
28 two at times. I had different -- I mean initially it was

1 Fran Harris. And later it became Doug Hay. And from him
2 it would go to Terri Gamboa and from her it would go to DM.
3 And then he would review all of the reports and then we were
4 out at CMO Int, he would take them all in a box because they
5 all went in a special box. And he would take them to a cabana
6 at Gilman Hot Springs where Pat Broeker was.

7 I know Pat Broeker was there because I met with
8 him personally in that cabana.

9 But often when I was going down to the cantina
10 to eat, in the darkness I would look through the blind and
11 see him in there talking to Terri Gamboa, Norman Starky, and
12 often Lyman Spurlock.

13 And I knew they would then have to go up to LRH
14 because they came back, you know, to ASI. And LRH had seen
15 them and written comments or wrote another report back to
16 me telling me what to do, you know, for the next week, that
17 type of thing.

18 Q And this was going on on a weekly basis?

19 A On a weekly basis.

20 There were also some times checks that I would
21 have to write, a CSW to LRH so that money could be transferred
22 from either his foreign accounts or his local accounts to
23 ASI accounts to be used to either pay his bills or for
24 investments or maybe to open up a new bank account or a new
25 broker account where his signature would be required.

26 Q Now, was ASI billing Orgs around the world at
27 that time for management duties for the Church?

28 MR. HARRIS: I'll object to that, Your Honor.

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THE COURT: I think I'll sustain the objection.

MR. FLYNN: That is all I have, Your Honor.

THE COURT: You may cross-examine.

MR. FLYNN: One other question, Your Honor.

Q When did you first meet me or talk to me,
Mr. Schomer?

A The first time I met you was --
What is today? I don't remember what day it is.
Tuesday. I met you Sunday night. I met you late
Sunday afternoon when I came into Los Angeles.

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1 Q And when did you first talk to me?

2 A I first talked to you, I think, last Friday
3 when you called and asked if I would come forward and
4 testify in this case.

5 MR. FLYNN: Thank you.

6 THE COURT: All right, Mr. Harris, you may cross-
7 examine.

8 MR. HARRIS: Thank you, Your Honor.

9

10

CROSS-EXAMINATION

11

BY MR. HARRIS:

12 Q Mr. Schomer, I take it that you don't care for
13 Mr. Miscavige?

14 A You know, I can still say that per Hubbard's
15 technology, that there is some basic good in everyone.

16 Q So there is a little bit of good in Miscavige,
17 but you don't care for him?

18 A I could say I don't care for you either for
19 you being --

20 Q The attorney for the church?

21 A Attorney for the church or some of these
22 falsehoods that I hear being talked about.

23 Q Well --

24 A I am not going to come out and say I hate
25 Mr. Miscavige. That is not, you know, I am sure there is
26 some good in him. I am sure maybe he was doing it for some
27 reason. I am not sure.

28 Q Could I get a drink of water?

1 THE COURT: Yes, the court attendant will get you a
2 drink of water.

3 Q BY MR. HARRIS: You were an ethics officer
4 aboard the ship; were you?

5 A No, I was not.

6 Q At AS HO?

7 A Yes, I was.

8 Q And during the period that you were an ethics
9 officer I take it that you applied ethics to the best of your
10 ability to help people; is that correct?

11 A Yes that's correct.

12 Q And when you were CMO Cope Officer, from time
13 to time you had to perform ethics functions; is that correct?

14 A Right.

15 Q I take it you have been a Chaplain at some
16 point?

17 A You take it wrong. No, I have never been a
18 Chaplain.

19 Q Never been a Chaplain.

20 A But I am a minister of the church.

21 Q All right, and as far as what happened in the
22 RPF aboard the ship, you obviously continued working after
23 you had graduated from that on the ship; is that correct?

24 A I guess you could say yes. Otherwise from
25 that point forward I wouldn't have been in the church. I
26 would have been off the ship.

27 Q Well it wasn't your intention while you were
28 in the RPF to leave the church; was it?

1 A No.

2 Q It was --

3 A I thought from time to time that maybe it might
4 not be worth it.

5 Q But, in any event, while you were aboard the
6 ship and so on, you were a dedicated Scientologist; is that
7 correct?

8 A Yes, but there is extenuating circumstances.
9 Aboard the ship I couldn't leave if I wanted to because my
10 passport was locked up.

11 Q Did you ask anybody to leave at any time?

12 A No, I did not.

13 Q And there were people that did leave the ship
14 while you were aboard; isn't that correct?

15 A Yes, blew, climbed down the anchor chain or
16 down the rat guards or the lines, or when they were going
17 out on a job, just never came back. I don't think I knew
18 of any -- there were a few that were beached because there
19 was a Flag order that said if anybody has any out second
20 dynamic, meaning promiscuous activities, they would be beached
21 and they were sort of literally thrown off the ship or LRH
22 had given an order that they were to be left in 24 hours,
23 something like that.

24 Q Well, let me ask you in all the time that you
25 were aboard the ship, Mr. Schomer, is it your testimony that
26 nobody routed out and left the ship?

27 A There was a period of time now, I sort of
28 recall, when LRH wanted to clean the ship of anybody that

1 didn't want to be there, yes, and they could leave, just
2 leave. And there were also people, I guess, that were sent
3 off as being PTS or potential trouble sources that shouldn't
4 be on the ship and sent to various organizations throughout
5 the world to finish up their billion year contract.

6 Q Let me ask you this, Mr. Schomer: You say
7 when Mr. Hubbard was aboard the ship, he controlled everything
8 under all circumstances all the time; is that right?

9 A That is too inclusive. I mean, I didn't have
10 to ask him to go to the bathroom.

11 Q You said he managed it all the time.

12 A We are talking about -- let's get down to
13 brass tacks. We are talking about the management of the
14 Scientology network throughout the world, and everything that
15 had any importance to do with the running of the ship
16 otherwise, that he was the almighty that ran everything, yes.

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1 A You're trying to twist my words around. You know,
2 I'll do the best I can to right them.

3 Q I don't want to twist your words around,
4 Mr. Schomer.

5 What did you personally observe Mr. Hubbard doing
6 as you observed him managing everything?

7 A I saw him personally -- because I used to watch
8 in his window while he was doing it -- sign Ethics orders
9 declaring people, you know; sign Evals, of course, it was
10 not during one little period of time; it was during a few
11 years -- signing, you know, the menus; signing the OODS,
12 writing the OODS, orders of the day; approving Evals;
13 approving mission orders; signing financial planning that,
14 you know, went on aboard the ship.

15 Sometimes I would even have to wait outside
16 while some document he had to look at, like the firing of
17 a mission order, something like that --

18 Q So you looked in his window and you saw him
19 signing Evals, menus, and all of these other things you have
20 talked about; correct?

21 A That is correct.

22 Q And OODS?

23 A Yes, that is correct.

24 In other words, I personally saw him from time
25 to time over a period of time while I was on the ship signing
26 that array of types of documents.

27 Q And through the window you could see the types
28 of documents that he was signing; is that correct?

1 A Well, it was like two feet away or, like I say,
2 sometimes I had to get something for him to okay like an
3 Ethics order or a personnel order for a mission or a mission
4 order where I was standing outside his door. And the
5 messenger would take it in to him; put it on his desk. He
6 looked at it; signed it; gave it back to me and I recognized
7 his signature which is the same person I saw sign it on the
8 document.

9 Q Did you do this on a daily basis, Mr. Schomer,
10 look through Mr. Hubbard's window and see him doing this?

11 A On a daily basis I had to go back to my berthing
12 at a certain period of time. It is sort of like I used to
13 watch him through the window, yes.

14 Q Your office was right there where you could watch
15 him?

16 A How did the office get into it?

17 Q You were standing outside of his window on a daily
18 basis aboard the ship?

19 A I said when I would walk by his window I would
20 stop many times and watch him work, like the rest of the
21 crew.

22 We were in awe that we could see and be close
23 to L. Ron Hubbard who was there working and watch him do
24 these things and going through PC folders and CS'ing and so
25 forth.

26 If you knew that God was aboard the ship, you
27 would do the same thing.

28 Q This is the way you perceived Mr. Hubbard at

1 the time?

2 A Yes. He was -- I was in awe of him. That is
3 why I joined the Church; it is so I could help him clear the
4 planet.

5 Q What did you mean by clearing the planet?

6 A You would have to look in the Tech dictionary.
7 The word "clear," you know, there is no -- a whole
8 dissertation of, you know, mankind being better and coming
9 to more awareness and brotherhood and the things that they
10 preach in Sunday school everyday.

11 I am sure you are a God-fearing man yourself.
12 You must be.

13 Q Let me ask you this, Mr. Schomer: during the
14 period of time when you were looking through Mr. Hubbard's
15 window and seeing him sign all of these things did you observe
16 other people to be standing around looking through the window
17 at the same time?

18 A Every day? I mean there wasn't a crowd around
19 the window. I wasn't the nucleus of this crowd.

20 People were constantly -- it was sort of like --
21 I had better not say everything, because then you'll ask
22 me --

23 THE COURT: Let's not get into what he might ask you;
24 just answer the question.

25 THE WITNESS: Frequently this would happen. And
26 frequently other people would do the same thing.

27 Q BY MR. HARRIS: Now, what was your post at the
28 time that you were looking through the window watching

1 Mr. Hubbard sign all of these things?

2 A I have no idea. I would have to list all the
3 posts that I held on the Flag ship. And at any time that
4 I looked through the window I could have had one of those
5 posts.

6 If the Judge would like the irrelevant data of
7 all of my posts, I would be glad to take your time.

8 Q I was just trying to ascertain if there was some
9 particular post that you remember when you were looking
10 through the window watching Mr. Hubbard sign all of these
11 things.

12 A I am a nosy person. I like to know what is going
13 on. I like to ask questions. I have done it all my life.

14 That is why I am up here, because I have got all
15 of this data that we're trying to clear the air on, you
16 know.

17 Q In any event, at some point when you got off the
18 ship you took over the responsibility of Director of Records,
19 assets and materials?

20 A Right.

21 Q And that was at Flag?

22 A That was at the Flag Land Base in Clearwater,
23 500 Cleveland Street.

24 Q In Clearwater?

25 A Right. Zip code 33 -- I am sorry, Your Honor,
26 for being such a schmuck.

27 THE COURT: Just try to answer the questions simply.
28 We'll try to get out a little sooner.

1 Q BY MR. HARRIS: When you had this post I take
2 it you still felt that you were a dedicated Scientologist;
3 is that correct?

4 A Yes. I had doubts, certain suppressed doubts
5 of, you know, things that I would see on the ship and see
6 Hubbard do and irrational behavior like what was mentioned
7 earlier.

8 But I held him in awe; so it is like, you know,
9 there must be a reason for it. I didn't know it at the time,
10 but it is sort of like, at some point in time, I'm sure when
11 I got to be like him, maybe I would, understand why he could
12 still do that and receive the hundreds and thousands of hours
13 of auditing which he had gotten.

14 Q When you went to work for ASI you were still a
15 member of the Sea Org?

16 A Yes, I was.

17 Q And the people around you, all those names that
18 you named, they were still members of the Sea Org as far as
19 you knew?

20 A Right. I never really felt that I ever was not
21 a member of the Sea Org, regardless of what documents said
22 I was.

23 I'm sure there was, for legal reasons, that there
24 wouldn't be any inurement involved.

25 Q You have brought that up three or four times,
26 Mr. Schomer, about no inurement involved; let me ask you,
27 at the time you were Director of Records, assets and materials
28 before you went to ASI were you being paid by the Church of

1 California?

2 A Yes, I was.

3 Q I take it you were doing nothing personal for
4 Mr. Hubbard; right?

5 A In Clearwater, no, I was not.

6 Q And aboard the ship did you feel that you were
7 personally employed by Mr. Hubbard?

8 A Yes, I did.

9 Q Did you feel that everyone on the ship was
10 personally employed by Mr. Hubbard?

11 A Yes, I did.

12 Q And you had seniors when you were on board the
13 ship; right?

14 A Obviously. I wasn't the top dog; so --

15 Q And you had seniors over your post of Director
16 of Records, assets and materials?

17 A Yes, I did.

18 Q And when you went to ASI and at the time that
19 you went to ASI you understood that ASI would be run by
20 Scientology principles; correct?

21 A Yes, I did.

22 Q And that the corporation would be split up like
23 an organization board such as in a Church?

24 A I don't quite follow that.

25 Q Well, you know what an Org board is, don't you?

26 A Yes.

27 Q And did you have an Org board at ASI?

28 A Sure.

1 Q And was it your agreement at the time that you
2 went there to comport yourself as a Scientologist at ASI?

3 A Yes.

4 Q And you agreed to do that?

5 A Well, I didn't really agree. I really didn't
6 want to be there. But if I wanted to stay with the Church,
7 it was sort of like, you know --

8 Q When you say --

9 A If you want to be Catholic, if you want to be
10 in the Catholic Church, it is like the same.

11 Q When you say you didn't want to be there, did
12 you protest going to ASI?

13 A Yes, I did, when I was in Clearwater.

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1 Q To whom did you protest?

2 A To the CMO in Clearwater when I found out
3 that I was being shanghaiied to go to ASI rather than to go
4 to Gilman Hot Springs and be in the household unit where
5 I had worked to get to for a long time.

6 Q When you say you felt you were shanghaiied, you
7 mean somebody forcibly made you work at ASI?

8 A Well when you work in the church, you could --
9 I could look at it now and say I was forced to do it because
10 if I wanted to continue to be in the church type of thing,
11 it is sort of force. It is sort of an indirect force thing.
12 You do what they tell you to do, you know, you either get
13 out of the church or you go to the RPF and get redeemed.

14 Q So it is your testimony that someone told you
15 that you must go to ASI?

16 A That's right. I did not have a choice.

17 Q You wanted to go to Gilman Hot Springs and be
18 in the household unit?

19 A Right. I had just bought like six pairs of
20 Bermuda shorts to be out in the desert, and I still have them
21 at home now with the labels on them that I never used.

22 Q So when you got to ASI, did you protest to
23 somebody? "Hey, I wanted to go out to the household unit
24 at Gilman Hot Springs because I bought six pairs of Bermuda
25 shorts."

26 THE COURT: Oh, that is argumentative, Counsel.

27 Q BY MR. HARRIS: Did you protest to anybody
28 at the time that you got to ASI that you didn't want to be

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1 there?

2 A Yes.

3 Q To whom did you protest?

4 A Fran Harris, my senior.

5 She laughed at me and said, "Well, we will
6 handle that. You will get to like it here. There will be
7 a lot of benefits, and I am sure that working real close to
8 LRH and right on his lines is what you already wanted to
9 be, if you go to Gilman Hot Springs in the household unit,
10 if you thought you were going to see LRH, you wouldn't have.
11 But you will, you will be in the weekly communication with
12 him."

13 So, it is like this is the chance of a lifetime
14 so just stick it out.

15 Q And you told her that you would?

16 A I said, "Well, I guess I don't have a choice."
17 I didn't really say, "Then, I am going to stay."

18 I said, "Okay, I guess I don't have a choice,"
19 and the conversation ended.

20 Q Now, why did you want to go to Gilman Hot
21 Springs?

22 A Because I wanted to work close to LRH.

23 Q And at that time --

24 A That is why I joined the Sea Org. That is
25 why I got into Scientology.

26 Q So when you embarked upon your post at
27 Author Services, at least you did not make any protest after
28 you started; is that correct?

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1 A I was in a continual protest. That is why
2 they bang ganged me, sec checked me.

3 Q You understood that that was something that
4 wasn't per the policy; is that correct?

5 A Well there is a lot of things going on that
6 aren't per policy. It is like distinguishing what is policy
7 and what isn't policy. When do you apply/^{it}and when don't you
8 apply it?

9 Q Where you mean that one has to exercise
10 judgment in applying policy?

11 A Sometimes there is no judgment.

12 What am I going to do with 20 people accosting
13 me and telling me -- "Hey, this is off policy." Are you
14 kidding me?

15 You know, it is like having a spit protector
16 in front of you to protect the spit from flying at you. You
17 have got to be nuts.

18 Q The first time that you blew, you were under
19 guard. That is what you said; right?

20 A Yes, under guard.

21 Q Somebody was there who told you that he
22 thought you were supposed to be there for spiritual benefit?

23 A Right.

24 Q And that person you don't remember?

25 A That is right.

26 And -- Cormier was his last name.

27 Q Cormier?

28 A You will find him at the Flag land base.

45/4

1 He is a Class 10 auditor. He will probably be in the
2 RPF now because I said it.

3 Q And at the time that you blew you went away
4 for about 10 days and then you came back; is that correct?

5 A I went away for exactly 10 days, as I said
6 before.

7 Q And when you came back, you were going to
8 route out?

9 A That is right, correct. I came back to get my
10 possessions, to get my car which they had stolen from me and
11 locked up at the Complex, and to secure my physical well being
12 that I wouldn't be in total fear for the rest of my life
13 that they were going to come and get me for what I knew.

14 Q They?

15 A I figured if I routed out correctly, I would
16 have some chance of surviving.

17 Q And they took your car back to the Complex?

18 A ASI took my car. John Allcok, A-l-l-c-o-c-k,
19 who is the estate manager at ASI.

20 Q And locked it up at the Complex?

21 A That is correct.

22 Q All right, now, after you decided that you
23 were going to route out, were you under guard?

24 A Yes, I was under guard the whole time.

25 Q Who was the guard?

26 A There were a number of guards. The main guard
27 was Dick Storey who was also at the Florida Flag land base.

28 Q Did Dick Storey tell you that you couldn't leave?

1 A Yeah. I mean, he took me to the bathroom and
2 waited at the door. I mean, it is like -- he didn't
3 come out and give me certain -- the rules that he was going
4 to follow like, "I am your guard. You can't do anything."

5 But, you know, it is sort of like you didn't
6 tell me that you were going to be cross-examining me, but I
7 sort of could figure it out because you were doing it
8 to everybody else. It is something, if you are sort of
9 intelligent, you can sort of by obnosis find out.

10 Q What was the word that you used?

11 A Observed. Obnosis is a Scientology word.

12 Q And in any event at some point, you blew
13 again?

14 A At some point exactly the 23rd of December I
15 finally finnagled, which is a Jewish word not a Scientology
16 word, sort of connivingly got into locked rooms and got my
17 gear together slowly but surely. Was able to get my -- a
18 trailer and put it all in and I escaped. That is better.
19 It is more dramatic than blowing because that is exactly what
20 I did do because they would prevent you from blowing.

21 Q After that, you asked for an amnesty; right?

22 A After that, I would say about eight months
23 later, an amnesty came out and my daughter, who the church
24 forced to disconnect from me and write me a letter saying
25 that she hereby disconnected from me because I wasn't quote,
26 unquote, handling my scene. In other words, I wasn't being
27 a good boy and I wasn't getting back on the bridge, which I
28 had no intention of doing anyway.

1 I said, "Okay, I will request an amnesty."
2 And I sent in a request for an amnesty which was, you know,
3 big deal.

4 Q And in your opinion, your daughter was forced
5 to disconnect?

6 A I have documents that prove that.

7 Q From her?

8 A That were written because of what she did.
9 In fact, she called me up a few weeks ago, and I have
10 documents that substantiate that she was convinced to
11 call me to give me a fair road and good weather type of a
12 thing, just to keep me with the church so I would not go
13 over to the enemy line.

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1 In fact, Milt and Laura Wolfe, who supposedly
2 have some documents, came to my house in Boulder last weekend
3 with Mission orders that I have got copies of also. And
4 they'll probably be put in the RPF now because they happened
5 to leave them in the open and I made copies of them.

6 It clearly states why they came. And they were
7 supposedly to get me back to the bridge by whatever means
8 they could.

9 Q "Getting back to the bridge" means getting you
10 back into the Church; right?

11 A Not necessarily.

12 Q Either as a public person or as a staff member?

13 A Right.

14 Q And you are not going to do that?

15 A I don't think so.

16 I have thought it over very seriously. And I
17 don't think my spiritual well being would be -- it is
18 probably the right thing to do now.

19 MR. HARRIS: No further questions.

20 THE COURT: Mr. Litt?

21 MR. LITT: Thank you, Your Honor.

22 THE WITNESS: Your Honor, would you like documents
23 submitted that these other things happened?

24 THE COURT: Lawyers are trying the case; I am just
25 sitting here.

26 THE WITNESS: I don't want to complicate things too
27 much.

28

CROSS-EXAMINATION

1
2 BY MR. LITT:

3 Q Mr. Schomer, when you returned back for this few
4 weeks period of time did you have any conversations with
5 your sister while you were --

6 A Every other day, as I mentioned. Because if I
7 didn't, she was going to call the police.

8 Q So you regularly called her every other day
9 pursuant to your agreement with her?

10 A Right.

11 Now you are going to say --

12 Q I'm not going to say anything. I'm just trying
13 to find out. I don't have any question pending.

14 You mentioned that an individual named Neville
15 Potter --

16 A Yes.

17 Q -- came to ASI?

18 A Regularly, once a week.

19 Q Did he talk to you?

20 A Occasionally.

21 Q To chat, to say hello, or something like that?

22 A Yes.

23 I asked him how he was doing. I knew his wife.

24 Q And you indicated that he met with some people?

25 A He met with Terri or DM every time he was there
26 or Norman; usually with Terri because he just came to pick up --
27 wasn't there too long.

28 Q And were you part of these meetings?

1 A No.

2 Q And did you review what Mr. Potter delivered or
3 picked up?

4 A Sometimes because sometimes I had a document that
5 had to go to MSH. And it would come back through that line.
6 So after he left I would get the document.

7 Q Did you ever have any discussions with
8 Mr. Potter concerning Mrs. Hubbard's understanding as to
9 any -- whatever communications existed with --

10 A No.

11 Q And you never had a discussion with Mrs. Hubbard
12 about that?

13 A No.

14 Q You indicated that you were -- somebody mentioned
15 to you an individual, I guess it was during the security
16 check, named Peter Gillam?

17 A Yes.

18 Q And that this was an individual who, to your
19 understanding, had embezzled some money?

20 A Apparently he bought some things with Church
21 funds.

22 Q And part of the reason for your security check
23 was to determine whether you had taken things; was that your
24 understanding?

25 A Per the technology, I must have done something
26 because my irrational behavior of wanting to leave would not
27 have been -- there is no other reason for it, according to
28 Hubbard, I mean. That has to be -- it couldn't be harassment

1 or it couldn't be overwhelming on post or not wanting to be
2 there. It had to be something that you did to the
3 organization, some missed withhold that you are a plant;
4 you are working for the FBI or CIA or something.

5 Q So Scientologists believed that if you were doing
6 things that aren't right per the technology, that there is
7 a reason for it; that there is some problem there?

8 A Yes; the same for wanting to leave. Blowing is
9 an overt that you have committed.

10 Q And one possibility, I take it, since this name of
11 Peter Gillam came up, had to do with whether you had taken
12 things?

13 A Peter Gillam came up because they were using
14 the scare tactic on me that they used on him to confess
15 everything that he did because they were going to send him
16 to jail.

17 In fact, it was common knowledge around the
18 office -- I shouldn't say common knowledge because you'll
19 try to pin it down even further -- but I had heard Norman
20 and DM say during a muster that they had sent him out and
21 I think it was Mr. Heller that he had him talk to that put
22 the scare into him that he was going to be put in jail. And
23 they have got a lot of black people there that can do things
24 to a tender young body.

25 Q So your understanding was that Mr. Gillam had
26 in fact admitted that he had taken things that didn't belong
27 to him or committed some form of embezzlement or theft?

28 A That was my understanding, yes.

1 Q And people compared you to Mr. Gillam?

2 A No. They didn't compare me to him. They used
3 the same threats and scare tactics that they used on him,
4 using his name, knowing I knew the tactics that they used
5 on him.

6 Q Which was to get him to admit that he had done
7 these wrong things?

8 A Right. Or they were going to --

9 Q Charge him --

10 A Plant --

11 Q -- with criminal conduct?

12 A -- plant false data on him.

13 Q Were you there when Mr. Gillam was told that
14 he was going to have false data planted on him?

15 A No. But I was there when DM told me and
16 everybody else that was in the room that this is what they
17 did to him.

18 Q That they told him they were going to plant false
19 data on him?

20 A Right.

21 Q And that is why he confessed to the truth?

22 A The truth? I don't know what the truth is any
23 more.

24 Q Now, did you take -- without saying what they
25 were at this point, did you take any materials when you left
26 ASI?

27 A My own possessions.

28 Q Did you take any internal documents of ASI?

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THE WITNESS: Should I answer that?

THE COURT: You have got a privilege against self-incrimination. If you think it might tend to incriminate you, you have a right to stand on that.

THE WITNESS: I'll plead the First Amendment.

MR. LITT: It is the Fifth Amendment.

THE WITNESS: I do have something in my safe deposit box back in Boulder, though.

MR. LITT: Nothing further.

THE WITNESS: Possibly --

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REDIRECT EXAMINATION

1
2 BY MR. FLYNN:

3 Q Mr. Schomer, let me show you exhibit
4 quadruple A, "Cancellation of disconnection." Was it your
5 understanding that the policy of disconnection had been
6 cancelled on 15 November, 1968?

7 A I have a policy letter of HC OB in my briefcase
8 that it was reinstated in September of '83.

9 Q Let me show you this document --

10 MR. LITT: Can we know what the document is?

11 Q BY MR. FLYNN: What is it, Mr. Schomer?

12 MR. LITT: Have we seen it before?

13 THE COURT: 4A.

14 MR. FLYNN: No. This is --

15 THE WITNESS: I can get an exhibit of the latest
16 HC OB on the disconnection, if necessary, Your Honor.

17 THE COURT: Well, there are two things on this
18 sheet. One is "Cancellation of fair game" and then there
19 is "Cancellation of disconnection"; which one were you
20 referring to?

21 THE WITNESS: Disconnection. That is what he asked
22 me.

23 THE COURT: You weren't talking about the cancellation
24 of fair game?

25 THE WITNESS: No.

26 Q BY MR. FLYNN: Well I will ask you about that.
27 Do you know anything about the purported cancellation of
28 fair game?

1 A Well, what I read in HC OB there are things,
2 but is sort of like it doesn't really mean too much. It is
3 just a PR type thing. That happens all the time. That
4 doesn't mean that that is what you are ordered to follow.

5 Q Incidentally, Mr. Schomer, when you were being
6 sec checked, were you working for the CIA or the FBI or
7 the planet Xenon?

8 A No. I don't think so. I wasn't, definitely
9 not.

10 Q This document that Mr. Litt is reading,
11 where did you get it?

12 A I found it in a folder that was left on the
13 couch in my home that belonged to Milt and Laura Wolfe
14 when they came to make me see the light.

15 Q Incidentally, when did they come to see you?

16 A Came to see me on Tuesday evening, last week.

17 Q Did Geral Armstrong call you on Monday evening?

18 A I think so. I'd have to look in my notes of
19 when he called me.

20 Q And they showed up, flown in from Clearwater
21 on Tuesday evening?

22 A Right.

23 Q When was the last time before that you had
24 seen Milt and Laura Wolfe?

25 A When I left Clearwater back in March of '82.

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1 Q And were they two of your closest friends?

2 A Yes, they were.

3 THE COURT: Did they know where you were living?

4 THE WITNESS: Oh, yes. I had called them to ask how
5 they were doing, you know, eight months before or something.

6 Q BY MR. FLYNN: And you picked this up on the
7 couch; is that correct?

8 A That's right.

9 Q And is this where you got the understanding that
10 your daughter was forced to disconnect from you?

11 A Well, this is a report of something that
12 happened a couple of months ago. And she told me exactly
13 what is in here. But there is another document which you
14 have which is the later document --

15 MR. FLYNN: May this be marked next in order?

16 THE WITNESS: This proves without a reasonable doubt
17 to me that which I suspected; that she was asked or persuaded
18 to call me two weeks ago to get back into communication with
19 me so that I wouldn't continue, you know, or possibly go over
20 to the enemy lines.

21 THE COURT: I'll just interrupt.

22 I did mark this 4-G's, confidential.

23 Q BY MR. FLYNN: The mission orders of Milt and
24 Laura Wolfe?

25 A No. The other one that says where she was
26 persuaded to call me.

27 Q What is this document?

28 A This was the mission order that I also found

1 in their folder which is the mission order that Milt and
2 Laura Wolfe came to Boulder to, as it says here, the mission's
3 purpose is to prevent Homer from going over to the enemy camp
4 and get him moving back onto the bridge.

5 Q Were you here when Vaughn Young testified that
6 the word "enemy" isn't used any more?

7 A Yes. It might have slipped by me, but it is in
8 the mission order.

9 MR. LITT: Objection. That misstates the testimony
10 of Mr. Young, Your Honor.

11 THE COURT: Well, the record will speak for itself.
12 And whether or not he said it, I don't recall specifically.
13 But there was a change in something from "enemy" to
14 "external." I remember that.

15 MR. LITT: That was with respect to the CIC sheets,
16 Your Honor.

17 Q BY MR. FLYNN: You see on the bottom of the
18 second page, "Gimmick. We are here to help sort things out."

19 This is Milt and Laura Wolfe's mission orders;
20 correct?

21 What does "Gimmick. We are here to sort things
22 out" mean, if you know?

23 A All mission orders have some kind of a gimmick.
24 It is usually something that is used as a PR-type tactic of
25 telling people why you are there or explaining why you are
26 there without giving them the real reason.

27 If you were a burglar or something, the gimmick
28 would be I came to visit you. But while you are out of the

1 room, I steal your jewels.

2 Q Or if you're a Scientologist the gimmick would
3 be that it would be for your spiritual betterment?

4 A Yes.

5 MR. FLYNN: The next in order, Your Honor, please.

6 THE COURT: Quadruple H.

7 MR. LITT: Does Mr. Flynn have copies to provide us
8 with?

9 MR. FLYNN: I just got them last night, Mr. Litt.

10 Q This document that I am showing Mr. Litt is the
11 one where you first learned your daughter was forced to
12 disconnect from you?

13 A No. This is the one of a phone call that she
14 made to me a few weeks ago, about two weeks ago.

15 Q Is there another document?

16 A No. The one is already submitted which this
17 confirmed my suspicion or it wasn't really a suspicion because
18 I sort of knew that she just wouldn't call me out of the
19 clear blue and be as happy as she was to get in communication
20 with me again because, you know, several weeks before she
21 was -- she was antagonistic against me not getting back in
22 the Church.

23 My sister had called her and she said she was
24 in no frame of mind to get into -- you know, to be able to
25 talk to me, but she would think about it.

26 MR. FLYNN: May this be marked next in order, Your
27 Honor?

28 THE COURT: Quadruple I.

1 MR. FLYNN: That is all I have.

2 THE COURT: Did you discuss this mission information
3 with these people?

4 THE WITNESS: They don't know that I have it.

5 In fact, now that the Church knows I have got
6 it, Milt and Laura Wolfe are going to be in deep trouble.
7 Because you just don't let mission orders get into the enemy's
8 hands.

9 They don't know that I have any of these
10 documents. They are copies because I had a copy machine in
11 my house. I made copies and put the originals back in the
12 folders. So I never told them that I saw them or borrowed
13 copies from them.

14 In fact, I'm sure this is the first time any one
15 of the -- well, since I am their enemy, I'll say that my enemy
16 is made aware of this.

17 MR. HARRIS: Are you finished?

18 MR. FLYNN: I'm all done, Your Honor.

19 I move those into evidence.

20 MR. HARRIS: May I cross-examine briefly, Your Honor?

21 THE COURT: Certainly.

22

23

RECROSS-EXAMINATION

24 BY MR. HARRIS:

25 Q Mr. Schomer, you had been communicating with
26 Milt --

27 Is his name Wolfe?

28 A Wolfe; spelling W-o-l-f-e.

1 Q You had been communicating with Milt Wolfe off
2 and on while you were out?

3 A I called him about eight months ago to see how
4 he was doing.

5 He called me about two months ago when the Church
6 was very heavily on my case to come back either to Clearwater
7 or to Los Angeles to handle my disagreements as far as
8 getting in more auditing.

9 I told him there was no way that I would allow
10 anybody to audit me from the Church because I am in fear of
11 that.

12 The name of Laura Wolfe happened to come up as
13 being one of my big friends back at Flag.

14 And I said, "Well, if I would consider anybody,
15 she would probably be the only one."

16 Q And this was two months ago?

17 A About -- I would have to look in my --

18 Q Roughly.

19 A Two months, six weeks ago, something.

20 But after they had found out that I had gone up
21 to look into Davey Mayo's group up in Santa Barbara, I mean
22 they didn't even question or try to get in contact with me
23 again until Milt called the other day. He tried to get me
24 a week or so before.

25 Q So let me just understand this: You had not
26 had a subpoena at the time that you talked with Milt and
27 Laura Wolfe?
28

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1 THE COURT: The subpoena wouldn't be effective outside
2 the State.

3 THE WITNESS: I never have had a subpoena. Never
4 even got one for a driving violation.

5 Q BY MR. HARRIS: So at the time that Larry Wolfe
6 left, you had not been in communication with Mr. Flynn about
7 being a witness in this case?

8 A No.

9 MR. HARRIS: All right, nothing further.

10 THE COURT: Mr. Litt?

11 MR. LITT: No, Your Honor.

12 MR. FLYNN: No, Your Honor.

13 MR. HARRIS: I think the exhibits are irrelevant, so
14 I'd object on that ground.

15 THE COURT: I don't think they are irrelevant.
16 The objection is overruled.

17 MR. HARRIS: Well then I guess they will be entered.

18 THE COURT: All right, you may step down, sir.

19 MR. FLYNN: That is all I have on surrebuttal.

20 THE COURT: I don't know what comes after surrebuttal.

21 Do you have anything else?

22 MR. HARRIS: I understood the court was going to --

23 THE COURT: Yes, I have got to leave in a few minutes.

24 MR. HARRIS: It is conceivable we would have at worst,
25 at this stage it is going to be at worst, one witness.

26 THE COURT: Well we can reconvene then tomorrow morning
27 at 9 o'clock. If there is a witness, there is. If not, we
28 will go into all these exhibits. We have got multiple exhibits

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1 to deal with.

2 MR. FLYNN: What about closing arguments, Your Honor?

3 THE COURT: What I was thinking is once we decide
4 whatever exhibits are in or out, I might recess for half a
5 day or a day, whatever it is so I can start looking at
6 some of these exhibits and then have you come back and argue.
7 I certainly wouldn't finish looking at all the exhibits but
8 I could review --

9 MR. LITT: That would be fine.

10 THE COURT: We have been going for five weeks and I have
11 looked at some of these exhibits very hurriedly, and some
12 things are really not in sequence. I don't remember a lot
13 of them, so it would be helpful for me to go over some
14 of these exhibits before we actually commence argument.

15 MR. LITT: I think for us as well.

16 THE COURT: Let's recess until tomorrow morning at
17 9 o'clock.

18 (At 3:00 p.m. the proceedings were
19 adjourned until Wednesday, June 6, 1984
20 at 9:00 a.m.)

21 end
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